

(v) to hold all Bonds registered in the name of the new Holders thereof which have been delivered to it by the Bond Trustee for delivery to the Remarketing Agent in accordance with the Tender Agreement;

(vi) to hold Bonds for the account of the Borrower as contemplated by Section 1305(c) hereof; and

(vii) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Borrower, the Bond Trustee, the Bank and the Remarketing Agent at all reasonable times.

The Issuer and the Borrower shall cooperate with the Bond Trustee to cause the necessary arrangements to be made and to be thereafter continued to enable the Tender Agent to perform its duties and obligations hereunder.

Section 1302. Qualifications of Remarketing Agent and Tender Agent; Resignation; Removal.

(a) The Remarketing Agent shall be a member of the National Association of Securities Dealers, having a combined capital stock, surplus and undivided profits of at least \$75,000,000 and authorized by law to perform all the duties imposed upon it by this Trust Indenture. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Trust Indenture by giving notice to the Issuer, the Borrower, the Bond Trustee, the Tender Agent and the Bank. Such resignation shall take effect on the 20th day after the receipt by the Issuer, the Borrower and the Bond Trustee of the notice of resignation. The Remarketing Agent may be removed at any time on 15 days' prior written notice, by an instrument signed by the Borrower and filed with the Remarketing Agent, the Issuer, the Bond Trustee, the Tender Agent and the Bank. No resignation or removal shall become effective unless a successor Remarketing Agent has been appointed and accepted such appointment pursuant to Section 1301 (a) hereof.

(b) The Tender Agent shall be a bank with trust powers or a trust company duly organized under the laws of the United States of America or any state or territory thereof, and having a combined capital stock, surplus and undivided profits of at least \$100,000,000 and authorized by law to perform all the duties imposed upon it by this Trust Indenture and the Tender Agreement. The Tender Agent may at any time resign and be discharged of the duties and obligations created by this Trust Indenture by giving at least 60 days' notice to the Bond Trustee, the Issuer, the Borrower, the Bank and the Remarketing Agent. The Tender Agent may be removed at any time by an instrument signed by the Borrower, filed with the Tender Agent, the Issuer, the Bond Trustee, the Bank and the Remarketing Agent. Such resignation or removal shall take effect on the day a successor Tender Agent shall have been appointed by the Issuer and shall have accepted such appointment. Upon the effective date of resignation or removal of the Tender Agent, the Tender Agent shall deliver any Bonds and moneys held by it in such capacity to its successor and shall assign all of its rights under any Liquidity Facility then in effect to its successor.

Section 1303. Notice of Bonds Delivered for Purchase; Purchase of Bonds.

(a) The Tender Agent shall determine timely and proper delivery of Bonds pursuant to this Trust Indenture and the proper endorsement of such Bonds. Such determination shall be binding on the Holders, the Issuer, the Borrower, the Remarketing Agent, the Bank and the Bond Trustee absent manifest error. In accordance with the provisions of the Tender Agreement, the Tender Agent shall give notice by telephone, telecopy or telex promptly confirmed by a written notice, to the Bond Trustee, the Remarketing Agent and the Bank specifying the principal amount of Bonds, if any, as to which it has received notice of tender for purchase in accordance with Section 206(a) hereof.

(b) Bonds required to be purchased in accordance with Section 206 hereof shall be purchased from the Holders thereof, on the date and at the purchase price at which such Bonds are required to be purchased. Payment of such purchase price shall be made in immediately available funds by 3:00 p.m., on such purchase date. Funds for the payment of such purchase price shall be derived from the following sources in the order of priority indicated:

(i) proceeds of the sale of such Bonds remarketed to any person (except the Issuer, any guarantor of the Bonds, the Borrower, any "insider" of the Borrower, or an "affiliate" of the Borrower as defined in Bankruptcy Code § 101(2) if a Credit Facility is in effect or if such remarketing is prohibited in the Tax Agreement), pursuant to Section 1304 hereof and furnished to the Tender Agent by the Remarketing Agent for deposit into the Remarketing Account of the Bond Purchase Fund;

(ii) moneys furnished by the Bank and remitted to the Tender Agent pursuant to the Credit Facility or Liquidity Facility then in effect for deposit into the Credit Provider Account or Liquidity Provider Account, respectively, of the Bond Purchase Fund; and

(iii) moneys furnished to the Tender Agent by the Borrower pursuant to a Self Liquidity Arrangement or otherwise for deposit into the Borrower Account of the Bond Purchase Fund.

In the event that a premium is required to be paid upon the purchase of any Bond as provided in Section 206 hereof, and the Credit Facility or the Liquidity Facility then in effect with respect to the Bonds shall not provide for the payment of a premium upon the purchase of a Bond, then moneys provided under the Credit Facility or the Liquidity Facility shall be applied solely to the payment of principal and interest on the Bonds and not to the payment of any such premium.

The Tender Agent may establish separate accounts or subaccounts within the Bond Purchase Fund for such purposes as the Tender Agent may deem appropriate.

(c) (i) The Bond Trustee shall authenticate a new Bond or Bonds in an aggregate principal amount equal to the principal amount of Bonds purchased in accordance with Section 1303(b) hereof, whether or not the Bonds so purchased are presented by the Holders thereof, bearing a number or numbers not contemporaneously outstanding. Every Bond authenticated and

delivered as provided in this Section 1303 shall be entitled to all the benefits of this Trust Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

(ii) In the event any Bonds purchased as provided in this Section 1303 shall not be presented to the Tender Agent, the Tender Agent shall segregate and hold the moneys for the purchase price of such Bonds in trust for the benefit of the former Holders of such Bonds, who shall, except as provided in the following sentence, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the purchase price of such Bonds. Any money that is so set aside and that remains unclaimed by the Holders for a period of two years (or, if less, one day before such money would escheat to the State under then applicable South Carolina law) after the date on which such Bonds have become payable shall be paid to the Borrower, and thereafter the Holders shall look only to the Borrower for payment, or an unsecured general creditor, and then only to the extent of the amounts so received, without any interest thereon, and the Bond Trustee and the Issuer shall have no responsibility with respect to such money.

Section 1304. Remarketing of Bonds; Notice of Interest Rates.

(a) Upon notice of the tender for purchase of Bonds, the Remarketing Agent shall offer for sale and use its best efforts to sell such Bonds, any such sale to be made on the date of such purchase in accordance with Section 206 hereof at a price equal to the principal amount thereof plus accrued interest, if any; provided, however, that no Bonds shall be remarketed to the Issuer, any guarantor of the Bonds, the Borrower, any "insider" of the Borrower or any "affiliate" of the Borrower as defined in Bankruptcy Code § 101(2) if a Credit Facility is in effect or if such remarketing is prohibited in the Tax Agreement. Any Bond which is tendered for purchase pursuant to Section 206(a) hereof after such Bond has become subject to mandatory tender for purchase pursuant to Sections 206(c), 206(d) or 206(e) hereof shall be sold by the Remarketing Agent only to a purchaser who agrees to (i) refrain from selling that Bond other than under the terms of this Trust Indenture or (ii) hold that Bond only to the date of mandatory purchase. In addition, the Remarketing Agent shall offer for sale and use its best efforts to sell any Bonds that are Bank Bonds or held by the Tender Agent for the account of the Borrower. The Remarketing Agent has no duty to remarket the Bonds if an Event of Default has occurred and is continuing.

(b) The Remarketing Agent shall determine the rate of interest to be borne by the Bonds bearing interest at a Daily Interest Rate, a Weekly Interest Rate or a Long-Term Interest Rate during each Daily Interest Rate Period, Weekly Interest Rate Period and Long-Term Interest Rate Period and by each Bond during each Bond Interest Term for such Bond and the Bond Interest Terms for each Bond during each Short-Term Interest Rate Period as provided in Section 205 hereof and shall furnish to the Issuer, the Borrower, the Bond Trustee and the Tender Agent (i) on each Friday and the end of each month, notice of the Daily Interest Rates for that week or that month, as the case may be, (ii) by no later than the Business Day next succeeding the date of determination, notice of the Weekly Interest Rate, (iii) on the date of determination thereof, notice of each Bond Interest Term Rate and Bond Interest Term, and (iv) on the Business Day next succeeding the date of determination, notice of each Long-Term Interest Rate, by telex, telephone or telecopy, promptly confirmed in writing, or shall make such information available to such parties by readily accessible Electronic Means.

(c) The Remarketing Agent shall give telephonic or telegraphic notice, promptly confirmed by a written notice, to the Bond Trustee and the Tender Agent on each date on which Bonds shall have been purchased pursuant to Section 1303(b) hereof, specifying the principal amount of Bonds, if any, sold by it pursuant to Section 1304(a) hereof along with a list of such purchasers showing the names and denominations in which such Bonds shall be registered, and the addresses and social security or taxpayer identification numbers of such purchasers.

Section 1305. Delivery of Bonds.

(a) Bonds purchased with moneys described in clause (i) of Section 1303(b) hereof shall be made available by the Bond Trustee to the Remarketing Agent for delivery to the purchasers thereof against payment therefor in accordance with the Tender Agreement.

(b) Bonds (or portions thereof) purchased with moneys described in clause (ii) of Section 1303(b) hereof shall be held by the Tender Agent as Bank Bonds pursuant to the Tender Agreement.

(c) Bonds purchased with moneys described in clause (iii) of Section 1303(b) hereof shall be held by the Tender Agent for the account of the Borrower.

(d) Bonds delivered as provided in this Section 1305 shall be registered in the manner directed by the recipient thereof or in the Tender Agreement.

(e) Notwithstanding anything herein to the contrary, so long as the Bonds are held under the Book-Entry System, Bonds will not be delivered as set forth in paragraphs (a) through (c) above; rather, transfers of beneficial ownership of the Bonds to the Persons indicated above will be effected on the books of the Securities Depository and its Participants pursuant to the Securities Depository's rules and procedures.

Section 1306. Delivery of Proceeds of Sale. The proceeds of the sale by the Remarketing Agent of any Bonds delivered to it by, or held by it for the account of, the Bond Trustee or the Borrower, or delivered to it by any other Holder, shall be turned over to the Tender Agent as provided in the Tender Agreement.

Section 1307. Requests for Funds Under Liquidity Facility to Pay Purchase Price of Bonds. If a Liquidity Facility is in effect, the Tender Agent, on each day on which Bonds are tendered for purchase or required to be purchased pursuant to Section 206 hereof, is hereby directed to request funds under the Liquidity Facility to the extent available, by such times and in such manner as shall be required in order for it to receive immediately available funds on such date to pay the purchase price, plus accrued interest, if any, of Bonds then subject to purchase under the Liquidity Facility which are tendered for purchase or required to be purchased pursuant to the provisions of this Trust Indenture, at the times, on the dates, to the extent, and in the manner herein and in the Tender Agreement provided and to deposit such funds, or cause such funds to be deposited, in the Liquidity Provider Account of the Bond Purchase Fund pending application of such moneys to the payment of the purchase price of the Bonds. In determining the amount of any such purchase price then due, the Tender Agent shall not take into consideration any purchase price due on Bank Bonds or Bonds held by the Borrower or any

Affiliate and no funds provided under the Liquidity Facility shall be made or be used to pay the purchase price of any Bank Bonds or Bonds held by the Borrower or any Affiliate.

ARTICLE XIV

DEFEASANCE

Section 1401. Definition. When (a) if the Bonds secured hereby have become due and payable in accordance with their terms or otherwise as provided in this Trust Indenture, the whole amount of the principal and the interest and premium, if any, so due and payable on all Bonds is paid, or (b) if the Bonds have not become due and payable in accordance with their terms, provision for payment thereof has been made in accordance with Section 1402 hereof, then and in that case the right, title and interest of the Bond Trustee in the funds and accounts mentioned in this Trust Indenture shall then cease, determine and become void and, on demand of the Issuer and on being furnished with an Opinion of Counsel, in form and substance satisfactory to the Bond Trustee, to the effect that all conditions precedent to the release of this Trust Indenture have been satisfied, the Bond Trustee shall release this Trust Indenture and shall execute such documents to evidence such release as may be reasonably required by the Issuer and shall transfer to the Borrower any surplus in, and all balances remaining in, all funds and accounts, other than money held for the redemption or payment of Bonds. The Bond Trustee shall nevertheless retain such rights, powers and privileges under this Trust Indenture as may be necessary and convenient in respect of the Bonds for the payment of the principal, interest and any premium for which such provision for payment has been made in accordance with Section 1402 hereof, and (b) the Bond Trustee shall retain such rights, powers and privileges under this Trust Indenture as may be necessary and convenient for the registration, transfer and exchange of Bonds.

All money and Defeasance Obligations held by the Bond Trustee under this Section shall be held in trust and applied to the payment, when due, of the obligations payable therewith. Any provision of this Trust Indenture to the contrary notwithstanding, amounts paid by the Credit Facility Provider under the Credit Facility shall not be deemed to be payments of obligations hereunder, and the obligations hereunder shall continue to be due and owing until paid by the Issuer in accordance with this Trust Indenture.

Section 1402. Provision for Payment of Bonds. Bonds shall be deemed to have been paid within the meaning of Section 1401 if

(a) there shall have been irrevocably deposited in the Bond Fund:

(i) if the Bonds do not bear interest at a Long-Term Interest Rate to the maturity date of the Bonds, sufficient Available Moneys, or

(ii) if the Bonds bear interest at a Long-Term Interest Rate to the maturity date of the Bonds, either (i) sufficient Available Moneys or (ii) Defeasance Obligations purchased with Available Moneys of such maturities and interest payment dates and bearing such interest as will, in the opinion of a nationally recognized firm of certified public accountants or such other verification agent as shall be acceptable to the Issuer and Bond Trustee, without further investment or reinvestment of either the principal amount

thereof or the interest earnings thereon (said earnings also to be held in trust), be sufficient together with any other moneys,

for the payment at their respective maturities or redemption or tender dates prior to maturity of the principal thereof and the redemption premium, if any, and interest to accrue thereon at such maturity or redemption or tender dates, as the case may be (assuming that the Bonds bear interest at the Ceiling Rate during any period during which the interest rate on the Bonds may change);

(b) there shall have been paid or provision duly made for the payment of all fees and expenses of the Issuer, the Bond Trustee, the Tender Agent and the Remarketing Agent due or to become due; and

(c) if any Bonds are to be redeemed on any date prior to their maturity, the Bond Trustee shall have received in form satisfactory to it irrevocable instructions from a Borrower Representative to redeem such Bonds on such date and either evidence satisfactory to the Bond Trustee that all redemption notices required by this Trust Indenture have been given or irrevocable power authorizing the Bond Trustee to give such redemption notices has been granted to the Bond Trustee.

Limitations set forth elsewhere in this Trust Indenture regarding the investment of moneys held by the Bond Trustee in the Bond Fund shall not be construed to prevent the depositing and holding in the Bond Fund of the obligations described in paragraph (a)(ii) of this Section 1402 for the purpose of defeasing the lien of this Trust Indenture as to Bonds which have not yet become due and payable. Notwithstanding any other provision of this Trust Indenture to the contrary, all Available Moneys deposited with the Bond Trustee as provided in this Section 1402 may be invested and reinvested, at the direction of the Borrower, in Defeasance Obligations (or, in the case of a deposit under paragraph (a)(i) of this section, in a money market fund that invests solely in Government Obligations and is rated in the highest category by one of Fitch, Moody's or S&P and, if more than one of such rating agencies then rates such money market fund, is rated no less than the highest rating category by each of such rating agencies then rating such money market fund) maturing in the amounts and times as hereinbefore set forth, and all income from all Defeasance Obligations (or money market fund) in the hands of the Bond Trustee pursuant to this Section 1402 which is not required for the payment of the Bonds and interest and redemption premium, if any, thereon with respect to which such moneys shall have been so deposited shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in the Bond Fund. Notwithstanding the foregoing provisions of this paragraph, if the Bonds are rated by S&P at the time a deposit is made under paragraph (a)(i) of this section, such Available Moneys may be invested solely in Government Obligations maturing or to be available to be withdrawn at par no later than the earlier of the maturity date, a mandatory purchase date, redemption date or the next possible optional tender date.

Notwithstanding any other provision of this Trust Indenture to the contrary, if a Bond has been deemed to be paid under this Section 1402 and the Beneficial Owner or holder of such Bond delivers an optional tender notice with respect to such Bond that would result in a purchase of such Bond pursuant to Section 206(a) of this Trust Indenture prior to its maturity or redemption date: (1) the Remarketing Agent shall not remarket such Bond; (2) the Tender Agent

shall notify the Bond Trustee by the third Business Day prior to such purchase date for such Bond that it has received an optional tender notice with respect to such Bond; (3) the Bond Trustee shall transfer to the Tender Agent, not later than 9:30 a.m. on such purchase date for such Bond, Available Moneys from the deposit made into the Bond Fund under paragraph (a)(i) of this Section 1402 sufficient to pay the purchase price of such Bond; (4) the Tender Agent shall purchase such Bond on the purchase date applicable to such Bond; and (5) such Bond shall be delivered to the Bond Trustee for cancellation and shall be cancelled.

Notwithstanding any other provision of this Trust Indenture to the contrary, if all Bonds have been deemed to be paid because a deposit has been made under paragraph (a)(i) of this Section 1402, and the Bonds are rated by S&P at the time such deposit is made, then (i) if such deposit is made with proceeds of one or more drawings under the Credit Facility, then any excess funds remaining in the Bond Fund after payment of all of the Bonds at their respective maturities or redemption or purchase dates shall be returned to the Credit Facility Provider, or (ii) if such deposit is made with Available Moneys as described in clause (i) of that definition, then there shall be delivered a written Opinion of Counsel experienced in bankruptcy law matters, in form satisfactory to S&P, that the portion of such deposit needed to pay principal of, interest on and purchase price of the Bonds when due will not be subject to the automatic stay under Section 362 of the Bankruptcy Code in the event of an Event of Bankruptcy.

Notwithstanding any other provision of this Trust Indenture to the contrary, if all Bonds have been deemed to be paid because a deposit has been made under paragraph (a)(i) of this Section 1402, the Interest Rate Period may not thereafter be converted to another Interest Rate Period by the Borrower.

Notwithstanding any other provision of this Trust Indenture to the contrary, if all Bonds have been deemed to be paid because a deposit has been made under paragraphs (a)(i) or (a)(ii) of this Section 1402 with proceeds of one or more drawings under the Credit Facility, then the surrender by the Bond Trustee of the Credit Facility to the Credit Facility Provider for cancellation prior to the maturity or redemption date of the Bonds shall not cause the Bonds to be subject to purchase under Section 206 of this Trust Indenture.

If the Bonds bear interest at a Long-Term Interest Rate to the maturity date of the Bonds and are to be rated by a Rating Agency at or prior to the time provision for payment shall be made there shall be delivered to the Rating Agency the opinion of nationally recognized certified public accountants or other verification agent referred to in paragraph (a)(ii) above and a written Opinion of Counsel experienced in bankruptcy law matters and in form satisfactory to the Rating Agency that the deposit and use of such moneys will not constitute an avoidable preferential payment pursuant to Section 547 of the Bankruptcy Code, or an avoidable post-petition transfer pursuant to Section 549 of the Bankruptcy Code, recoverable from Holders of the Bonds pursuant to Section 550 of the Bankruptcy Code in the event of an Event of Bankruptcy.

Section 1403. Effect of Payment by the Bond Insurer. Notwithstanding anything in this Trust Indenture to the contrary, in the event that the principal or interest due on any Bond shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, such Bond shall remain Outstanding for all purposes, and shall not be defeased or otherwise satisfied and the Bond Trustee's right, title and interest in the funds and accounts held by the Bond Trustee pursuant to

this Trust Indenture and all covenants, agreements and other obligations of the Issuer to the Holders of the Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Holders until the Bond Insurer is paid in full.

ARTICLE XV

DEPOSITED BONDS

Section 1501. Registration and Ownership of Deposited Bonds. Deposited Bonds issued and delivered to the Bond Trustee shall be registered in the name of the Bond Trustee or its nominee and shall be owned and held by the Bond Trustee, subject to the provisions of this Bond Indenture, for the benefit of the Holders of the Bonds from time to time Outstanding, and the Borrower shall have no interest therein. Whether or not there has been an event of default under either the Loan Agreement or this Bond Indenture, the Bond Trustee shall be entitled to exercise all rights of holders of the Deposited Bonds under the 1993 Indenture in its discretion except as otherwise provided in this Bond Indenture.

Section 1502. Payments on Deposited Bonds.

(a) Unless an Event of Default under this Bond Indenture shall have occurred and be continuing:

(1) Any payment by the Borrower of principal of or premium or interest on, Deposited Bonds shall be applied by the Bond Trustee to the payment of any principal of or premium or interest on, the Bonds, as applicable, which is then due, and, to the extent of such application, the obligation of the Borrower to make such payment in respect of the Bonds shall be deemed to have been satisfied and discharged. Upon the payment of the principal of Bonds of a maturity, or any portion thereof, or upon such Bonds being deemed paid pursuant to Section 1402 hereof, a corresponding principal amount of Deposited Bonds of the same maturity and bearing interest at the same rate shall be delivered to the Borrower for cancellation.

(2) If, at the time of any such payment of principal of or premium or interest on Deposited Bonds, the principal of or premium or interest, as the case may be, then due in respect of the Bonds shall be less than such payment, the excess of such payment shall be remitted to the Borrower.

(b) Full payment by the Borrower hereunder, when due, of principal of or premium or interest on the Bonds, or upon such Bonds being deemed paid pursuant to Section 1402 hereof, shall be deemed to satisfy and discharge the obligation of the Borrower, if any, to make a payment of principal, premium or interest, as the case may be, in respect of Deposited Bonds held by the Bond Trustee which is then due.

Section 1503. No Transfer of Deposited Bonds. The Bond Trustee shall not sell, assign or otherwise transfer any Deposited Bonds issued and delivered to it except to a successor trustee under this Bond Indenture.

Section 1504. Voting of Deposited Bonds. The Bond Trustee shall, as the holder of Deposited Bonds outstanding under the 1993 Indenture, attend such meeting or meetings of bondholders under the 1993 Indenture or, at its option, deliver its proxy in connection therewith, as relate to matters with respect to which it is entitled to vote or consent. So long as no event of default hereunder shall have occurred and be continuing, either at any such meeting or meetings, or otherwise when the consent of the holders of the Deposited Bonds outstanding under the 1993 Indenture is sought without a meeting, the Bond Trustee shall vote, as holder of such Deposited Bonds, all Deposited Bonds outstanding under the 1993 Indenture then held by it, or consent with respect thereto, proportionately with what the Bond Trustee reasonably believes would be the vote or consent of the holders of all the Outstanding Bonds the holders of which are eligible to vote or consent.

ARTICLE XVI

MISCELLANEOUS

Section 1601. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Trust Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Holders, the Bond Insurer, the Bank, the Remarketing Agent, the Tender Agent and the Borrower any legal or equitable right, remedy or claim under or in respect to this Trust Indenture or any covenants, conditions and provisions herein contained; this Trust Indenture and all of the covenants, conditions and provisions herein being intended to be and being for the sole and exclusive benefit of the parties hereto, the Holders, the Bond Insurer, the Bank, the Remarketing Agent, the Tender Agent and the Borrower as herein provided.

Section 1602. Effect of Dissolution of the Issuer. In the event the Issuer for any reason shall be dissolved or its legal existence shall otherwise be terminated, all of the covenants, stipulations, obligations and agreements contained in this Trust Indenture by or on behalf of or for the benefit of the Issuer shall bind or inure to the benefit of the successor or successors of the Issuer from time to time and any officer, board, commission, authority, Issuer or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the term "Issuer" as used in this Trust Indenture shall include such successor or successors.

Section 1603. Severability. In case any one or more of the provisions of this Trust Indenture, the Agreement or the Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Trust Indenture, the Agreement or the Bonds, but this Trust Indenture, the Agreement and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds, this Trust Indenture or the Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Issuer or the Borrower to the full extent permitted by law.

Section 1604. Notices. Except as otherwise provided herein, it shall be sufficient service or giving of any notice, request, complaint, demand or other paper if the same shall be duly mailed by registered mail, return receipt requested, postage prepaid, addressed as set forth below to the Issuer, the Bond Trustee, the Borrower, the Bond Insurer, S&P, if the Bonds are rated by S&P, Moody's, if the Bonds are rated by Moody's, Fitch, if the Bonds are rated by Fitch, or to any other Person set forth therein as follows:

To the Issuer: South Carolina Jobs-Economic
Development Authority
1201 Main Street, Suite 1600
Columbia, South Carolina 29201
Attention: Executive Director
and Chief Executive Officer

To the Bond Trustee
and Tender Agent:

To the Borrower: South Carolina Electric & Gas Company
1426 Main Street
Columbia, South Carolina 29218
Attention: Treasurer

To the Credit Facility
Provider:

Telephone:
Facsimile:

To the Remarketing Agent: Scott & Stringfellow, Inc. t/a BB&T Capital
Markets

Charlotte, North Carolina 28255
Attention: Short-Term Municipal Trading and
Underwriting

Telephone: _____
Facsimile: _____

To S&P:	Standard & Poor's Ratings Services Structured Finance/LOC 40th Floor 55 Water Street New York, New York 10041-0003
To Moody's:	Moody's Investors Service, Inc. Fully Supported Team 99 Church Street New York, New York 10007
To Fitch:	Fitch Ratings Municipal Structured Finance One State Street Plaza New York, New York 10004

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telegram or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered mail, postage prepaid, to the other parties by the party effecting the change.

All documents received by the Bond Trustee under the provisions of this Trust Indenture, or photographic or electronic copies thereof, shall be retained in its possession until the Trust Indenture shall be released under the provisions of Article XII hereof, subject at all reasonable times to the inspection of the Issuer, the Borrower and any Holder and the respective agents and representatives thereof.

Section 1605. Substitute Mailing. If, because of the temporary or permanent suspension of postal service, the Issuer, the Bond Trustee shall be unable to mail any notice required to be given by the provisions of this Trust Indenture, the Issuer or the Bond Trustee shall give notice in such other manner or in the judgment of the Issuer or the Bond Trustee shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Trust Indenture be deemed to be in compliance with the requirement for the mailing thereof.

Section 1606. Parties, Bond Insurer, Bank and Holders Alone Have Rights under Trust Indenture. Except as herein otherwise expressly provided, nothing in this Trust Indenture is intended or shall be construed to confer upon any Person, other than the Bond Trustee, the Bond Insurer, the Issuer, the Bank and the Holders, any right, remedy or claim, legal or equitable, under or by reason of this Trust Indenture or any provision being intended to be and being for the sole and exclusive benefit of the Bond Trustee, the Bond Insurer, the Issuer, the Bank and the Holders.

Section 1607. Effect of Covenants. All covenants, stipulations, obligations and agreements of the Issuer contained in this Trust Indenture shall be deemed to be covenants,

stipulations, obligations and agreements of the Issuer to the full extent permitted by the Constitution and laws of the State. This Trust Indenture is adopted with the intent that the laws of the State shall govern its construction.

Section 1608. No Recourse Against Members, Officers of the Issuer. No recourse shall be had for the payment of the principal of or premium, if any, or interest on any of the bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Trust Indenture contained, against any past, present or future officer, director, attorney, employee or agent of the Issuer, as such, either directly or through any successor entity under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, director, attorney, employee or agent is hereby expressly waived and released as a condition of, and in consideration for the execution of this Trust Indenture and the issuance of any of the Bonds.

Section 1609. Expenses Payable under Trust Indenture. All expenses incurred in carrying out this Trust Indenture, except those expenses incurred by the Bond Trustee in mailing its resignation notices, shall be payable solely from funds derived by the Issuer from its loan of the proceeds of the Bonds to the Borrower. Anything in this Trust Indenture to the contrary notwithstanding, the performance by the Issuer of all duties and obligations imposed upon it hereby, the exercise by it of all powers granted to it hereunder, the carrying out of all covenants, agreements and promises made by it hereunder, and the liability of the Issuer for all warranties and other covenants herein shall be limited solely to the money and revenues received from the payments by the Borrower in respect of the Note and under the Agreement, and from money attributable to the proceeds of Bonds, or the income from the investment thereof, and, to the extent herein or in the Agreement provided, the proceeds of insurance, sale and condemnation awards and the Issuer shall not be required to effectuate any of its duties, obligations, powers or covenants except from, and to the extent of, such moneys, revenues, proceeds and payments.

Section 1610. Dealing in Bonds. The Bond Trustee and its directors, officers, employees or agents, and any officer, employee or agent of the Issuer, may in good faith, buy, sell, own, hold and deal in any bonds issued under the provisions of this Trust Indenture and may join in any action which any Holder may be entitled to take with like effects as if such Bond Trustee were not a Bond Trustee under this Trust Indenture or as if such officer, employee or agent of the Issuer did not serve in such capacity.

Section 1611. Consents and Approvals. Whenever the written consent or approval of the Issuer, the Borrower or the Bond Trustee shall be required under the provisions of this Agreement, such consent or approval shall not be unreasonably withheld or delayed. Unless otherwise specified herein, consents of the Issuer shall be executed and delivered on behalf of the Issuer by the Issuer Representative, and consents of the Borrower shall be executed and delivered on behalf of the Borrower by the Borrower Representative.

Section 1612. Multiple Counterparts. This Trust Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

Section 1613. Headings. Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Trust Indenture, nor shall they affect its meaning, construction or effect.

Section 1614. Further Authority. The officers of the Issuer, attorneys, engineers and other agents or employees of the commission are hereby authorized to do all acts and things required of them by this Trust Indenture and the Agreement for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds, the Agreement and this Trust Indenture.

Section 1615. Payments Due on Non-Business Days. In any case where the date of maturity of interest on or premium, if any, or principal of the Bonds or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue with respect to such payment for the period from and after such date.

Section 1616. Governing Law. This Trust Indenture shall be governed by and interpreted in accordance with the laws of the State.

Section 1617. Notices to Rating Agency. If the Bonds are rated by a Rating Agency, written notice shall be provided to such Rating Agency with respect to (i) the appointment of any successor Bond Trustee, Tender Agent or Remarketing Agent hereunder, (ii) the appointment of any agent by the Bond Trustee or Tender Agent to perform any material duties of the Bond Trustee or the Tender Agent under this Trust Indenture or the Tender Agreement, (iii) the expiration, termination, reduction or extension of any Credit Facility or Liquidity Facility or delivery of an Alternate Credit Facility or a Substitute Liquidity Facility or implementation of a Self Liquidity Arrangement, (iv) any adjustment of the Interest Rate Period for the Bonds, (v) any mandatory purchase of Bonds, (vi) any material amendment or supplement to any of the Financing Documents, and (vii) the payment in full of all of the Bonds (whether at stated maturity or upon redemption, acceleration or defeasance). Failure of the Bond Trustee to provide any such notice shall not have any effect on the occurrence of such event.

Section 1618. Consequences of Insurer Default. If an Insurer Default shall occur and shall not have been waived or cured, the provisions of this Trust Indenture (i) requiring the consent of the Bond Insurer, (ii) allowing the Bond Insurer to direct proceedings and (iii) requiring that notices and other information be sent to the Bond Insurer shall be suspended and the Bond Insurer shall no longer have such rights; provided, however, that any rights of the Bond Insurer arising as a result of payments made pursuant to the Bond Insurance Policy shall continue to exist and be unaffected by any limitations on such rights set forth in this Section 1618.

Section 1619. Ongoing Disclosure. In compliance with Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended, the Issuer covenants that it will file or cause to be filed with a central repository for availability in the secondary bond market when requested: (a)

an annual independent audit, within 30 days of the Issuer's receipt of the audit, and (b) event specific information, within 30 days of an event adversely affecting more than five percent of the Issuer's revenue; provided that failure of the Issuer to comply with the provisions of this paragraph shall not constitute or give rise to a Default or Event of Default.

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IN WITNESS WHEREOF, the South Carolina Jobs-Economic Development Authority has caused these presents to be signed in its name and on its behalf by its Secretary-Treasurer and the Bond Trustee has caused these presents to be signed in its name and on its behalf by a duly authorized officer, all as of the date first written above.

**SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY**

By: _____

_____,
as Bond Trustee

By: _____
Vice President

[Signature Page for Trust Indenture dated as of _____, 2008
relating to South Carolina Jobs-Economic Development Authority
Industrial Revenue Bonds
(South Carolina Electric & Gas Company Project) Series 2008]

EXHIBIT A

[Form of Bond]

**SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL REVENUE BONDS
(SOUTH CAROLINA ELECTRIC & GAS COMPANY PROJECT)
SERIES 2008**

No. R-____

[35,000,000]

<u>MATURITY DATE</u>	<u>ORIGINAL ISSUANCE DATE</u>	<u>CUSIP</u>
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For Long-Term Interest Rate Period Only

<u>Type of Interest Rate Period:</u>	<u>Interest Rate for Long-Term Interest Rate Period Only:</u>	<u>Mandatory Tender Date for Long-Term Interest Rate Period:</u>
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For Short-Term Interest Rate Period Only

<u>Interest Rate (%):</u>	<u>First Day of Bond Interest Term and Interest Accrual Date:</u>	<u>First Day of Next Bond Interest Term and Interest Payment Date:</u>	<u>Interest Due on Next Interest Payment Date:</u>	<u>Number of Days in Bond Interest Term:</u>
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FOR VALUE RECEIVED, the South Carolina Jobs-Economic Development Authority (the "Issuer"), a public body corporate and politic and an agency of the State of South Carolina, promises to pay, but solely from the sources and in the manner hereinafter provided, to Cede & Co., or registered assigns, Thirty Five Million Dollars ([35,000,000]) on the Maturity Date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the principal office of the Bond Trustee in _____ hereinafter mentioned. The Issuer also promises to pay, solely from such sources, interest on this Bond from the Interest Payment Date immediately preceding the date on which it is authenticated or, if such date of authentication shall be an Interest Payment Date to which interest on the Bonds has been paid in full or duly provided for or the Original Issuance Date, from such date of authentication; provided, however, that if, at the time of authentication of any Bond, interest on such Bond shall be in default, such Bond shall bear interest from the date to which interest has previously been paid or, if no interest has been paid, from the Original Issuance Date set forth above, payable on each Interest Payment Date at the rates per annum determined as described herein and in the Trust Indenture hereinafter mentioned until the principal sum hereof is paid; provided, however, that Bank Bonds (as defined in the Trust Indenture hereinafter mentioned) shall bear interest at the Bank Bond Interest Rate (as defined in the Credit Facility Provider Agreement or Liquidity Facility, whichever is applicable, hereinafter mentioned), which interest shall be payable at the times set forth in the Credit Facility Provider Agreement or Liquidity Facility, as applicable. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will be paid to the person in whose name this Bond is registered at the close of business on the Regular Record Date for such interest, which shall be, (i) in the case of a Daily Interest Rate Period, the last Business Day of the calendar month immediately preceding such Interest Payment Date or, in the case of the last Interest Payment Date in respect of a Daily Interest Rate Period, the Business Day immediately preceding such Interest Payment Date, (ii) in the case of a Weekly Interest Rate Period or a Short-Term Interest Rate Period, the Business Day immediately preceding such Interest Payment Date, and (iii) in the case of a Long-Term Interest Rate Period, the 15th day of the month immediately preceding such Interest Payment Date, or, in the event that an Interest Payment Date shall occur less than 15 days after the first day of a Long-Term Interest Rate Period, such first day. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Bond Trustee, notice whereof being given to the registered owners not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Trust Indenture. All such payments shall be made in lawful money of the United States of America. The principal of and any premium on this Bond are payable at the principal office of the Bond Trustee in New York, New York. Such payment of principal and premium will be by check; provided, however, that the principal of and any premium on the Bonds will be paid by wire transfer (to an account within the continental United States) of immediately available funds to any registered owner of at least \$1,000,000 in aggregate principal amount of the Bonds Outstanding, at such registered owner's option, in each case according to wire instructions given to the Bond Trustee in writing for such purpose. Interest on this Bond is payable by (i) check mailed first-class postage prepaid on the date on which it is due to the registered owner hereof at the address of such registered

owner shown on the registration books kept by the Bond Trustee, as of the close of business on the Regular Record Date in respect of such interest, or (ii) in the case of Bonds bearing interest at Bond Interest Term Rates or Bonds (bearing interest at other than a Bond Interest Term Rate) owned by a person who is the registered owner of Bonds in an aggregate principal amount of at least \$1,000,000 and who, prior to the Regular Record Date next preceding any Interest Payment Date, shall have provided, or through the Remarketing Agent shall have caused to be provided, the Bond Trustee with wire transfer instructions in writing, by wire transfer; provided that while the Bonds bear interest at Bond Interest Term Rates, interest payable hereon is payable only upon presentation and surrender hereof to the Tender Agent hereinafter mentioned at its designated corporate trust office for the delivery of Bonds.

[Bonds issued pursuant to a book-entry system shall contain the following paragraph: The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Trust Indenture. One bond certificate with respect to the date on which the Bonds are stated to mature, registered in the name of the Securities Depository Nominee (as defined in the Trust Indenture), is being issued and required to be deposited with the Securities Depository (as defined in the Trust Indenture) and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in Authorized Denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Bond Trustee will recognize the Securities Depository Nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (1) payments of principal of, and redemption premium, if any, and interest on this Bond, (2) notices and (3) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding the provisions hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements between the Bond Trustee or its successors under the Trust Indenture and the Securities Depository.]

This Bond is one of a duly authorized series of revenue bonds of the Issuer, designated "South Carolina Jobs-Economic Development Authority Industrial Revenue Bonds (South Carolina Electric & Gas Company Project) Series 2008" (the "Bonds"), issued under a Trust Indenture, dated as of _____, 2008 (said Trust Indenture, together with all supplements thereto, being herein referred to as the "Trust Indenture"), between the Issuer and _____, as Bond Trustee (the "Bond Trustee"). The Bonds are being issued for the purpose of providing funds, together with other available funds, to (1) finance the Project (as defined in the Agreement) and (2) pay a portion of certain expenses incurred in connection with the authorization and issuance of the Bonds.

The Bonds are limited obligations of the Issuer. The principal of, and premium, if any, and interest thereon are payable solely out of the revenues derived by the Issuer under the Agreement (as defined herein) and otherwise out of the Trust Estate pledged under the Bond Indenture and any other security therefor. The Bonds are additionally entitled to the benefit and security of the 1993 Indenture by virtue of the issuance of and deposit with the Bond Trustee of the Deposited Bonds as additional security under the Bond Indenture, which Deposited Bonds are secured by the 1993 Indenture equally and ratably with all other Securities (as such term is defined in the 1993 Indenture) from time to time hereafter issued and outstanding thereunder. The Bonds do not constitute an indebtedness of the State of the Issuer within the meaning of any state constitutional provision or statutory limitation (other than Article X, Section 13(9) of the State Constitution permitting indebtedness payable solely from a source of revenues derived other than from a tax or license). The Bonds do not constitute nor give rise to a pecuniary liability of the State or the Issuer or a charge against the general credit of the Issuer or the State or the taxing powers of the State. The Issuer has no taxing powers. No owner of any Bond shall have the right to demand payment of the principal of or premium, if any, or interest on any Bonds from any funds raised by taxation.

The Issuer has entered into a Loan Agreement, dated as of _____, 2008 (together with all amendments thereto, the "Agreement"), with the Borrower, pursuant to which the Issuer has agreed to lend to the Borrower the proceeds of the Bonds and in consideration and, as evidence of the loan, the Borrower has agreed to make payments to the Bond Trustee (the "Loan Repayments") in such amounts and at such times as are required to provide for timely payment of the principal of, premium, if any, and interest on the Bonds. As evidence of its indebtedness under the Agreement, the Borrower will execute a promissory note in favor of the Issuer (the "Note"). As further security for the Bonds, the Borrower has issued and deposited with the Bond Trustee its First Mortgage Bonds, 2008 Deposited Series, bearing interest at the same rates and maturing on the same dates and in the same years as the Bonds (the "Deposited Bonds"), in the initial principal amount of \$[35,000,000], issued pursuant to an Indenture dated as of April 1, 1993, as supplemented and amended from time to time, including as supplemented by the Second Supplemental Indenture dated as of June 15, 1993, between the Borrower and The Bank of New York Mellon Trust Company, N.A., successor to NationsBank of Georgia, National Association, as trustee.

Pursuant to the Trust Indenture the Issuer has, for the benefit of the owners of the Bonds, assigned the Note, the Issuer's rights under the Agreement, including all its rights, title and interest to receive the Loan Repayments (subject to the reservation of certain rights of the Issuer, including its rights to notices, payment of certain expenses and indemnity), all moneys and securities in the Bond Fund and, until applied in payment of the cost of issuing the Bonds, all moneys and securities in the Project Fund, to the Bond Trustee in trust.

Reference is made to the Agreement and the Trust Indenture for a more complete statement of the provisions thereof and of the rights of the Issuer, the Bond Trustee, the Borrower, the Bank and the registered owners of the Bonds. Copies of the Agreement and the Trust Indenture are on file and may be inspected at the corporate trust office of the Bond Trustee located, as of the Original Issuance Date, at _____. By the purchase and acceptance of this Bond, the registered owner hereof signifies assent to all of the provisions of the aforementioned documents.

This Bond is issued, and the Trust Indenture and the Agreement were made and entered into, under and pursuant to the Constitution and laws of the State of South Carolina, and particularly in conformity with the provisions, restrictions and limitations of Title 41, Chapter 43 Code of Laws of South Carolina 1976, as amended (the "Act").

The Bonds are issuable as fully registered Bonds in the following denominations: (i) with respect to any Long-Term Interest Rate Period (as defined herein), \$5,000 and any integral multiple thereof; and (ii) with respect to any Short-Term Interest Rate Period, Daily Interest Rate Period or Weekly Interest Rate Period (each as defined herein), \$100,000 and any integral multiple of \$5,000 in excess of \$100,000 (the "Authorized Denominations"). Bonds may be exchanged at the principal office of the Bond Trustee located at _____, in the manner and subject to the limitations and conditions provided in the Trust Indenture, for an equal aggregate principal amount of Bonds of any Authorized Denominations and bearing interest at the same rate.

The transfer of this Bond is registrable by the registered owner hereof in person or by his attorney or legal representative at the principal office of the Bond Trustee listed above, but only in the manner and subject to the limitations and conditions provided in the Trust Indenture and upon surrender and cancellation of this Bond. Upon any such registration of transfer, the Issuer shall execute and the Bond Trustee shall authenticate and deliver in exchange for this Bond a new Bond or Bonds, registered in the name of the transferee, of Authorized Denominations, in an aggregate principal amount equal to the principal amount of this Bond and bearing interest at the same rate.

The term of the Bonds will be divided into consecutive Interest Rate Periods during each of which the Bonds shall bear interest at a Daily Interest Rate (a "Daily Interest Rate Period"), a Weekly Interest Rate (a "Weekly Interest Rate Period"), a Long-Term Interest Rate (a "Long-Term Interest Rate Period"), or Bond Interest Term Rates for one or more consecutive Bond Interest Terms (a "Short-Term Interest Rate Period"). In no event shall the Interest Rate exceed the lesser of (i) the highest interest rate which may be borne by the Bonds under applicable State law, (ii) while the Bonds bear interest at a Daily Interest Rate, Weekly Interest Rate or Bond Interest Rate, 12% per annum, and (iii) while the Bonds bear interest at the Bank Bond Interest Rate, 20% per annum (collectively, the "Ceiling Rate").

The initial Interest Rate Period shall be a [Weekly Interest Rate Period.] The interest rate on the Bonds may be adjusted from time to time to a Daily Interest Rate, Bond Interest Term Rates or a Long-Term Interest Rate and thereafter again adjusted as described in the Trust Indenture. As hereinafter described, the Bonds are subject to mandatory tender for purchase on the first day of any Interest Rate Period.

For any Daily Interest Rate Period, interest on the Bonds shall be payable on each Interest Payment Date for the period commencing on the Interest Accrual Date (as hereinafter defined) preceding the prior Interest Payment Date (or, in the case of the first Interest Payment Date during any Daily Interest Rate Period, the Interest Accrual Date preceding such Interest Payment Date) and ending on the last day of the month in which such Interest Accrual Date occurs or, if sooner, the last day of the Daily Interest Rate Period. For any Weekly Interest Rate Period, interest on the Bonds shall be payable on each Interest Payment Date for the period commencing

on the immediately preceding Interest Accrual Date and ending on and including the day immediately preceding the Interest Payment Date (or, if sooner, the last day of the Weekly Interest Rate Period). For any Short-Term Interest Rate Period or Long-Term Interest Rate Period, interest on this Bond shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date and ending on the day immediately preceding such Interest Payment Date. In any event, interest on the Bonds shall be payable for the final Interest Rate Period to the date on which the Bonds shall have been paid in full. Interest shall be computed (i) in the case of a Long-Term Interest Rate Period, on the basis of a 360-day year consisting of twelve 30-day months, and (ii) in the case of a Daily Interest Rate Period, a Weekly Interest Rate Period or a Short-Term Interest Rate Period, on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed.

The term "Interest Accrual Date" means (i) with respect to any Daily Interest Rate Period, the first day thereof and the first day of each succeeding calendar month during such Daily Interest Rate Period, (ii) with respect to any Weekly Interest Rate Period, the first day thereof and the first Business Day of each succeeding month during such Weekly Interest Rate Period, (iii) with respect to any Long-Term Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date in respect thereof, other than the last such Interest Payment Date during such Long-Term Interest Rate Period, and (iv) with respect to each Bond Interest Term within any Short-Term Interest Rate Period, the first day thereof.

The term "Interest Payment Date" means (a) with respect to any Daily Interest Rate Period, the fifth Business Day of each calendar month, (b) with respect to any Weekly Interest Rate Period, the first Business Day of each calendar month, (c) with respect to any Long-Term Interest Rate Period, each April 1 and October 1, (d) with respect to any Bond Interest Term within a Short-Term Interest Rate Period, the day next succeeding the last day of such Bond Interest Term, (e) with respect to each Interest Rate Period, the day next succeeding the last day thereof and (f) with respect to Bank Bonds, the days on which interest is due pursuant to the Liquidity Facility.

The term "Business Day" means any day other than (i) a Saturday, a Sunday or any other day on which banks located in the cities in which the designated corporate trust offices of the Bond Trustee and the Tender Agent and the principal offices of the Bond Trustee, the Remarketing Agent, the Borrower or the Bank are located, or in which the office of the Bank from which payments are made pursuant to the Liquidity Facility is located, are authorized or required to remain closed or (ii) a day on which the New York Stock Exchange is closed.

The interest rate on the Bonds shall be determined as follows:

1. Daily Interest Rate. During each Daily Interest Rate Period, this Bond shall bear interest at the Daily Interest Rate, which shall be determined by the Remarketing Agent by 9:30 a.m., New York City time, on each Business Day during such Daily Interest Rate Period. The Daily Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds, would

enable the Remarketing Agent to sell the Bonds on such date of determination at a price (without regard to accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Daily Interest Rate for any day, then the Daily Interest Rate for such day shall be the same as the Daily Interest Rate for the immediately preceding day and such rate shall continue until the earlier of (A) the date on which the Remarketing Agent determines a new Daily Interest Rate for the Bonds or (B) the seventh day succeeding the first such day on which such Daily Interest Rate is not determined by the Remarketing Agent. In the event that the Remarketing Agent fails to determine a new Daily Interest Rate for a period of seven days as described in clause (B) of the immediately preceding sentence, or in the event that the Daily Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate applicable to the Bonds shall be equal to 110% of the SIFMA Index (as defined in the Trust Indenture) made available for the week preceding the date of determination, or if such index is no longer available, or no such index was so made available for the week preceding the date of determination, 75% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in The Wall Street Journal for each Business Day (and for the next preceding Business Day for each day which is not a Business Day) until such Daily Interest Rate is again validly determined by the Remarketing Agent.

2. Weekly Interest Rate. During each Weekly Interest Rate Period, this Bond shall bear interest at a Weekly Interest Rate, which shall be determined by the Remarketing Agent by 4:30 p.m., New York City time, on Wednesday of each week during such Weekly Interest Rate Period, or if such day shall not be a Business Day, then on the immediately preceding Business Day. The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall be determined on or prior to the first day of such Weekly Interest Rate Period and shall apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on and including the next succeeding Wednesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on and including Thursday and ending on and including the next succeeding Wednesday, unless such Weekly Interest Rate Period shall end on a day other than a Wednesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on the Thursday preceding the last day of such Weekly Interest Rate Period and ending on and including the last day of such Weekly Interest Rate Period. The Weekly Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such date of determination at a price (without regard to accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Weekly Interest Rate for any week, then the Weekly Interest Rate for such week shall be the same as the Weekly Interest Rate for the immediately preceding week if the Weekly Interest Rate for such preceding week was determined by the Remarketing Agent. In the event that the Weekly Interest Rate for the immediately preceding week was not determined by the Remarketing Agent, or in the event that the Weekly Interest Rate determined by the Remarketing Agent shall be held to

be invalid or unenforceable by a court of law, then the interest rate for such week shall be equal to 110% of the SIFMA Index made available for the week preceding the date of determination, or if the SIFMA Index is no longer available, or no such index was so made available for the week preceding the date of determination, 75% of the interest rate on 30day high grade unsecured commercial paper notes sold through dealers by major corporation as reported in The Wall Street Journal on the day the Weekly Interest Rate would otherwise be determined as provided herein for such Weekly Interest Rate Period.

3. Long-Term Interest Rate. During each Long-Term Interest Rate Period, this Bond shall bear interest at the Long-Term Interest Rate. The Long-Term Interest Rate for the Bonds shall be determined by the Remarketing Agent on a Business Day no earlier than two (2) weeks before the effective date of such Long-Term Interest Rate Period and no later than 10:00 a.m., New York City time, on the effective date of such Long-Term Interest Rate Period. The Long-Term Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on an examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such effective date at a price (without regard to accrued interest) equal to the principal amount thereof.

4. Bond Interest Terms and Bond Interest Term Rates. During each Short-Term Interest Rate Period, this Bond shall bear interest during each Bond Interest Term for this Bond at the Bond Interest Term Rate for this Bond. The Bond Interest Term and Bond Interest Term Rate for this Bond shall be determined by the Remarketing Agent no later than 12:00 noon, New York City time, on the first day of each Bond Interest Term. The Bond Interest Term and the Bond Interest Term Rate need not be the same for any two Bonds, even if determined on the same date. The Bond Interest Term for each Bond shall be a period of not less than one day and not more than 270 days, determined by the Remarketing Agent to be the period which, together with all other Bond Interest Terms for all Bonds then outstanding under the Trust Indenture, will result in the lowest overall interest expense on the Bonds over the next succeeding 270 days, taking into account certain factors set forth in the Trust Indenture. Any Bond purchased by the Bank or the Borrower and remaining unsold by the Remarketing Agent as of the close of business on the first day of the Bond Interest Term for that Bond shall have a Bond Interest Term of one day or, if that Bond Interest Term does not end on a day immediately preceding a Business Day, a Bond Interest Term ending on the day immediately preceding the next Business Day. Each Bond Interest Term shall end either on a day which immediately precedes a Business Day or on the day immediately preceding the Maturity Date. If for any reason a Bond Interest Term for any Bond cannot be so determined by the Remarketing Agent, or if the determination of such Bond Interest Term is held by a court of law to be invalid or unenforceable, then such Bond Interest Term shall be 30 days, but if the last day so determined shall not be a day immediately preceding a Business Day, shall end on the first day immediately preceding the Business Day next succeeding such last day, or if such last day would be after the day immediately preceding the Maturity Date, shall end on the day immediately preceding the Maturity Date.

As provided in and subject to the terms and conditions of the Trust Indenture, the Bonds may, from time to time, be adjusted from one Interest Rate Period to a different Interest Rate Period or from one Long-Term Interest Rate Period to a different Long-Term Interest Rate Period. Any election to adjust Interest Rate Periods is subject to rescission by the Borrower as provided in the Trust Indenture.

Optional Tender for Purchase During Daily Interest Period or Weekly Interest Rate Period.

(i) During any Daily Interest Rate Period when a book-entry system is in effect, a Beneficial Owner (through its Participant) may tender its interest in a Bond for purchase on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Payment Date immediately preceding the date of purchase through and including the day immediately preceding the date of purchase, unless the date of purchase shall be an Interest Payment Date, in which case at a purchase price equal to the principal amount thereof, payable in immediately available funds, upon delivery to the Tender Agent and the Remarketing Agent at their respective principal offices for delivery of notices, by no later than 11:00 a.m., New York City time, on such Business Day, of an irrevocable written notice or telephonic notice, promptly confirmed in writing, which states the principal amount of such Bond and the date on which the same shall be purchased, which date shall be the date of the delivery of such notice to the Tender Agent and the Remarketing Agent. Any notice delivered to the Tender Agent and the Remarketing Agent after 11:00 a.m., New York City time, shall be deemed to have been received on the next succeeding Business Day.

(ii) During any Weekly Interest Rate Period when a book-entry system is in effect, a Beneficial Owner (through its Participant) may tender its interest in a Bond for purchase on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Payment Date immediately preceding the date of purchase through and including the day immediately preceding the date of purchase, unless the date of purchase shall be an Interest Payment Date, in which case at a purchase price equal to the principal amount thereof, payable in immediately available funds, upon delivery to the Tender Agent and the Remarketing Agent at their respective principal offices for delivery of notices, by no later than 4:00 p.m., New York City time, on such Business Day, of an irrevocable written notice, which states the principal amount of such Bond and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Tender Agent and the Remarketing Agent. Any notice delivered to the Tender Agent and the Remarketing Agent after 4:00 p.m., New York City time, shall be deemed to have been received on the next succeeding Business Day.

On the date for purchase specified in the notice, the Beneficial Owner shall effect delivery of such Bonds by causing the Participant through which such Beneficial Owner owns such Bonds to transfer an interest in such Bonds equal to such Beneficial Owner's interest on the records of the Securities Depository to the participant account of the Tender Agent with the Securities Depository.

During any Daily Interest Rate Period or Weekly Interest Rate Period when a book-entry system is not in effect, a registered owner may tender his Bond by delivery to the Tender Agent of the notice described above by the time set forth above and shall also deliver the Bond to the Tender Agent on the date specified for purchase.

Mandatory Tender for Purchase On Day Next Succeeding Last Day of Each Bond Interest Term. On the day next succeeding the last day of each Bond Interest Term for this Bond, this Bond shall be purchased from its registered owner at a purchase price equal to the principal amount hereof, payable in immediately available funds. The purchase price of any Bond so purchased shall be payable only upon (1) if a Book-Entry System is not in effect, surrender of such Bond to the Tender Agent at its principal office for delivery of Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or his duly authorized attorney, with such signature guaranteed by a member of the New York Stock Exchange's Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with the provisions of Securities and Exchange Commission Rule 17Ad-15 or (2) if a Book-Entry System is in effect, registration of the ownership rights in such Bond to the Tender Agent on the records of the Securities Depository.

Mandatory Tender for Purchase on First Day of Each Interest Rate Period in Event of Conversion to New Interest Rate Period. This Bond shall be subject to mandatory tender for purchase on the first day of each Interest Rate Period, or on the day which would have been the first day of an Interest Rate Period in the event that one of the conditions precedent to the adjustment to a new Interest Rate Period shall not be met as described in the Trust Indenture, in the event of a conversion from one Interest Rate Period to another Interest Rate Period and on the first day of each new Long-Term Interest Rate Period, at a purchase price, payable in immediately available funds, equal to the principal amount hereof, or in the case of a purchase on the first day of an Interest Rate Period which shall be preceded by a Long-Term Interest Rate Period and which shall commence prior to the day originally established as the last day of such preceding Long-Term Interest Rate Period, at a purchase price equal to the optional redemption price then applicable to this Bond on such purchase date.

Mandatory Tender for Purchase upon Expiration, Termination or Replacement of Credit Facility or Liquidity Facility.

(i) The Bonds shall be subject to mandatory tender for purchase at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the date of purchase:

(A) on the fifth Business Day next preceding the date on which a Credit Facility then in effect is stated to expire or terminate (unless extended); and

(B) if the Credit Facility then in effect will terminate prior to its stated expiration date on account of delivery of an Alternate Credit Facility or a Substitute Liquidity Facility or implementation of a Self Liquidity Arrangement, on the proposed effective date of the Alternate Credit Facility, Substitute Liquidity Facility or Self Liquidity Facility.

(ii) Liquidity Enhanced Bonds (as defined in the Trust Indenture) shall be subject to mandatory tender for purchase at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the date of purchase:

(A) on the fifth Business Day next preceding the date on which a Liquidity Facility then in effect is stated to expire or terminate (unless extended), other than a termination of a Liquidity Facility on account of an Authorized Liquidity Termination; and

(B) if the Liquidity Facility then in effect will terminate prior to its stated expiration date on account of delivery of a Credit Facility or a Substitute Liquidity Facility or implementation of a Self Liquidity Arrangement, on the proposed effective date of the Credit Facility, Substitute Liquidity Facility or Self Liquidity Arrangement.

Mandatory Tender for Purchase at the Direction of the Borrower. During any Daily Interest Rate Period or Weekly Interest Rate Period, the Bonds are subject to mandatory tender for purchase on any Business Day designated by the Borrower, with the consent of the Remarketing Agent and the Bank.

Optional Redemption. On any Business Day during a Daily Interest Rate Period or a Weekly Interest Rate Period, the Bonds shall be subject to optional redemption at the direction of the Borrower Representative, in whole or in part, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed.

On the day succeeding the last day of any Bond Interest Term with respect to any Bond bearing interest at a Bond Interest Term Rate, such Bond shall be subject to optional redemption at the direction of the Borrower Representative, in whole or in part, at a redemption price equal to 100% of the principal amount of the Bond to be redeemed.

During any Long-Term Interest Rate Period, the Bonds shall be subject to optional redemption at the direction of the Borrower Representative, (A) on the first day thereof, in whole or in part, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, and (B) thereafter, during the periods specified below or, if approved by Bond Counsel as provided in the Trust Indenture, during the periods specified in the notice of the Borrower to the Bond Trustee pursuant to the Trust Indenture, in whole or in part at any time, at the redemption prices (expressed as a percentage of principal amount) hereinafter indicated or specified in the notice of the Borrower to the Bond Trustee pursuant to the Trust Indenture, plus accrued interest, if any, to the redemption date:

Length of Long-Term Interest Rate Period (expressed in years)	<u>Redemption Prices</u>
Greater than 10	After 7 years at 101%, declining by 1 every year to 100%
Less than or equal to 10 and greater than 7	After 5 years at 101%, declining by 1 every

Less than or equal to 7 and greater than 4	year to 100% After 3 years at 101%, declining by 1 every year to 100%
Less than or equal to 4	After 2 years at 100%

Extraordinary Optional Redemption. The Bonds are also subject to redemption by the Issuer, upon the direction of the Borrower Representative, on any date at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date (a) in whole or in part (pro rata from each maturity of the Bonds), from amounts received by the Borrower as insurance proceeds (except from a draw on the Credit Facility if a Credit Facility is in effect) with respect to any casualty loss or failure of title or condemnation awards, upon damage to or destruction of all or any part of the Project constituting land, buildings or equipment by fire or casualty or loss of title to or use of all or any part of the Project as a result of the failure of title or as a result of eminent domain proceedings or proceedings in lieu thereof (if such damage, destruction, loss of title or loss of use causes such Project to be impracticable to operate for a period of at least six months); (b) in whole, upon changes in the Constitution of the United States of America or of the State of South Carolina or of legislative or administrative action, or failure of administrative action by the United States or the State of South Carolina or any Issuer or political subdivision of either, or by reason of any judicial decision to such extent that, in the opinion of the board of directors of the Borrower and an independent management consultant, (i) the Agreement is impossible to perform without unreasonable delay or (ii) unreasonable burdens or excessive liabilities not being imposed as of the date of the Agreement are imposed on the Borrower, or (c) in whole, in the event changes, which the Borrower cannot reasonably control, in the economic availability of materials, supplies, labor, equipment, or other properties or things necessary for the efficient operation of the Project shall have occurred, which in the judgment of the Borrower, render the continued operation of the Project uneconomical; or changes in circumstances, after issuance of the Bonds, including but not limited to changes in solid waste abatement, control and disposal requirements, shall have occurred such that the Borrower shall determine use of the Project is no longer required or desirable.

The registered owner of this Bond shall have no right to enforce the provisions of the Trust Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Trust Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Indenture and except that any registered owner may institute action to enforce the payment of the principal of or the interest on such registered owner's Bond.

Upon the occurrence of certain events, and on the conditions, in the manner and with the effect set forth in the Trust Indenture, the Bonds may become or may be declared due and payable before the stated maturity thereof, together with the interest accrued thereon.

Modifications or alterations of the Trust Indenture or any Trust Indenture supplemental thereto, the Agreement or any agreement supplemental thereto, may be made only to the extent and in the circumstances permitted by the Trust Indenture and the Agreement.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Trust Indenture and the Agreement have happened, exist and have been performed as so required.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Trust Indenture until it shall have been authenticated by the execution by the Bond Trustee of the certificate of authentication hereon.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the South Carolina Jobs-Economic Development Authority has caused this Bond to be executed with the signature of its Secretary-Treasurer, and this Bond to be dated the Original Issuance Date set forth above.

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

By: _____

CERTIFICATE OF AUTHENTICATION

This Bond is a Bond issued under the provisions of the within-mentioned Trust Indenture.

_____,
Bond Trustee

By: _____
Vice President

Date of authentication:

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

[Please Print or Typewrite Name and Address of Transferee]

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL REVENUE BONDS
(SOUTH CAROLINA ELECTRIC & GAS COMPANY PROJECT)
SERIES 2008

REQUISITION NUMBER: _____ DATED: _____ NUMBER: _____
BORROWER/PROJECT NAME: SOUTH CAROLINA GENERATING COMPANY
PROJECT

TO: _____, Bond Trustee

1. It is hereby certified in accordance with the Trust Indenture that the following is/are due payment in the amount(s) indicated for:

PAYEE	PURPOSE	AMOUNT DUE
-------	---------	------------

Total Amount of this Requisition		\$ _____
----------------------------------	--	----------

2. The amount stated above has been incurred, is due, and is a proper charge against the Project Fund. Further, the stated amount herein does not contain any sales or use taxes.

You are authorized and directed to pay the above sum (sums) to the party (parties) named in paragraph 1 from money in the [Issuance Account/Project Account] of the Project Fund held under the terms of the Trust Indenture.

APPROVED:

QUESTIONS REGARDING THIS
REQUISITION SHOULD BE
DIRECTED TO:

Borrower Rep.

Date

(type or print name)

Date

FAX number

Telephone number

K&S Draft 7/30/08

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2008

New Issue -- Book-Entry OnlyS&P's: [_____] *
(See "RATING" herein)

In the opinion of McNair Law Firm, P.A., Bond Counsel, assuming the accuracy of certain representations and compliance with covenants as described herein, under existing statutes, rulings and court decisions, and under applicable regulations and proposed regulations, interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes, except for interest on any Bonds for any period during which the Bonds are held by a person who is a "substantial user" of the facilities financed or refinanced by the Bonds or a "related person" within the meaning of Section 147(a) of the Code. Interest on the Bonds is an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. In the opinion of Bond Counsel, under existing law, interest on the Bonds is exempt from present State of South Carolina income taxation as described herein. See "TAX EXEMPTION" herein.

[\$35,000,000]*

**South Carolina Jobs-Economic Development Authority
Industrial Revenue Bonds
(South Carolina Electric & Gas Company Project)
Series 2008**

Dated: Date of Delivery

Due: _____

The Bonds (the "Bonds") are being issued by the South Carolina Jobs-Economic Development Authority (the "Authority"), pursuant to a Trust Indenture, dated as of _____, 1, 2008 (the "Trust Indenture"), by and between the Authority and _____, as bond trustee (the "Bond Trustee"). The Authority will loan the proceeds of the Bonds to

South Carolina Electric & Gas Company [LOGO]

a South Carolina corporation (the "Borrower") pursuant to a Loan Agreement, dated as of _____, 1, 2008 (the "Loan Agreement"), by and between the Authority and the Borrower. The Borrower's obligations under the Loan Agreement will be evidenced by a Promissory Note, dated _____, 2008 (the "Note"), issued by the Borrower to the Authority and assigned by the Authority to Bond Trustee. The Borrower will use the proceeds of the Bonds for the purpose of providing funds, together with other available funds, to (i) finance the acquisition, by construction and purchase, of solid waste control facilities at the Borrower's Wateree Electric Generating Station, including but not limited to, buildings and improvements to land, desulphurization systems, dewatering systems, conveyors and transportation systems, waste handling and disposal equipment, landfill improvements and equipment and other improvements and equipment functionally related and subordinate thereto, located in Richland County, South Carolina (the "Project"), and (ii) pay a portion of certain expenses incurred in connection with the authorization and issuance of the Bonds.

Under the terms of the Trust Indenture, the Authority will assign and pledge to the Bond Trustee, as security for the payment of the Bonds, the "Trust Estate" described herein, including without limitation, (i) all right, title and interest of the Authority in and to the Note, (ii) all right, title and interest of the Authority in and to the Loan Agreement, except for certain Unassigned Rights (as defined herein), (iii) the Borrower's Deposited Bonds (as described herein), which have been issued by the Borrower and deposited with the Bond Trustee, and all sums payable in respect of the indebtedness evidenced thereby, (iv) all moneys and securities in the Bond Fund (as defined herein) and the Redemption Fund (as defined herein) and, until applied in payment of the cost of the Project and the cost of issuing the Bonds, all moneys and securities in the Project Fund (as defined herein), and (v) all moneys drawn by the Bond Trustee under a Credit Facility. See "SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS" herein.

The payment of principal of and interest on the Bonds will also be secured by an irrevocable, direct-pay letter of credit (initially, the "Credit Facility") issued by

Branch Banking & Trust Company [LOGO]

(initially, the "Credit Facility Provider") pursuant to which the Bond Trustee will be permitted to draw (a) an amount equal to the aggregate principal amount of the Bonds outstanding for the payment of the principal of the Bonds or the principal component of the purchase price of the Bonds, plus (b) an amount equal to 35 days' interest on the Bonds outstanding (computed at a rate of 12% per annum) for the payment of interest on the Bonds or the interest component of the purchase price of the Bonds, all as further described herein. The initial Credit Facility will expire on _____, unless extended or terminated prior to such date as described herein. See "SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS" herein.

The Bonds will be delivered as fully registered bonds and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. Individual purchases of the Bonds may be made in book-entry form only, in denominations of \$100,000 and integral multiples of \$5,000 in excess thereof while bearing interest in a Weekly Interest Rate Period (as such term is defined herein). See "THE BONDS -- Book-Entry-Only System" herein.

The Bonds are being initially delivered bearing interest in a Weekly Interest Rate Period. The Weekly Interest Rate on the Bonds will be adjusted each week by BB&T Capital Markets, a division of Scott & Stringfellow, Inc., the initial Remarketing Agent for the Bonds, as more fully described herein. The Bonds are subject to conversion to a Daily Interest Rate Period, a Short-Term Interest Rate Period or a Long-Term Interest Rate Period subject to certain conditions contained in the Trust Indenture. In the event of any conversion from a Weekly Interest Rate Period, the Bonds will be subject to mandatory tender for purchase on the first day of each Interest Rate Period (as defined herein) and on the first day of each new Long-Term Interest Rate Period at a purchase price, payable in immediately available funds, equal to the principal amount thereof, plus accrued interest. Interest on the Bonds is payable on the first Business Day of each calendar month, commencing _____, 2008 (an "Interest Payment Date").

Price _____%

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances will this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor will there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

This Official Statement generally describes the Bonds only while bearing interest at a Weekly Interest Rate. Prospective purchasers of the Bonds bearing interest at rates other than a Weekly Interest Rate should not rely on this Official Statement.

The Bonds are subject to optional and extraordinary optional redemption and optional and mandatory tender for purchase prior to maturity in the manner and at the times described herein.

The Bonds are limited obligations of the Authority payable solely out of the revenues derived by the Authority under the Loan Agreement and otherwise out of the Trust Estate pledged under the Trust Indenture and any other security therefor. The Bonds do not constitute nor give rise to a pecuniary liability of the State of South Carolina (the "State") or of any political subdivision thereof, including the Authority, or a charge against the general credit of the State or of any political subdivision thereof, including the Authority, or the taxing powers of the State. The Authority has no taxing powers, and no owner of any Bond will have the right to demand payment of the principal of or premium, if any, or interest on any Bonds from any funds raised by taxation.

The Bonds are offered subject to prior sale, when, as and if issued by the Authority and received by the Underwriter, subject to the approval of their validity by McNair Law Firm, P.A., Columbia, South Carolina, Bond Counsel. Certain legal matters will be passed upon by King & Spalding, Atlanta, Georgia, counsel to the Underwriter, by _____, counsel to the Credit Facility Provider, by Francis P. Mood, Jr., Esquire, Columbia, South Carolina, and McNair Law Firm, P.A., Columbia, South Carolina, counsel to the Borrower and by _____, counsel to the Authority. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about _____, 2008.

BB&T CAPITAL MARKETS, a division of Scott & Stringfellow, Inc.,

Underwriter and Remarketing Agent

for the Bonds

_____, 2008.

*Preliminary, subject to change.

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No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority, the Borrower or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy any securities other than the Bonds offered hereby, nor will there be any offer or solicitation of such offer or sale of the Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds will under the circumstances create any implication that there has been no change in the affairs of the Authority or the Borrower since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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\$[35,000,000]*
South Carolina Jobs-Economic Development Authority
Industrial Revenue Bonds
(South Carolina Electric & Gas Company Project)
Series 2008

INTRODUCTION

This Official Statement is provided to furnish certain information in connection with the original issuance and sale by the South Carolina Jobs-Economic Development Authority (the "Authority") of \$[35,000,000]* aggregate principal amount of its South Carolina Jobs-Economic Development Authority Industrial Revenue Bonds (South Carolina Electric & Gas Company Project), Series 2008 (the "Bonds"). The Bonds are being issued under a Trust Indenture, dated as of _____ 1, 2008 (the "Trust Indenture"), and by and between the Authority and _____, as bond trustee (the "Bond Trustee").

Concurrently with the issuance of the Bonds, the Authority will enter into a Loan Agreement, dated as of _____ 1, 2008 (the "Loan Agreement"), and by and between the Authority and South Carolina Electric & Gas Company, a South Carolina corporation (the "Borrower"). Pursuant to the Loan Agreement, the Authority will lend the proceeds of the Bonds to the Borrower for the purpose of providing funds, together with other available funds, to (i) finance the acquisition, by construction and purchase, of solid waste control facilities at the Borrower's Wateree Electric Generating Station, including but not limited to, buildings and improvements to land, desulphurization systems, dewatering systems, conveyors and transportation systems, waste handling and disposal equipment, landfill improvements and equipment and other improvements and equipment functionally related and subordinate thereto, located in Richland County, South Carolina (the "Project") and (ii) pay a portion of certain expenses incurred in connection with the authorization and issuance of the Bonds. The Borrower's obligations under the Loan Agreement will be evidenced by a Promissory Note, dated the date of the delivery of the Bonds (the "Note"), issued by the Borrower to the Authority and assigned by the Authority to the Bond Trustee.

The Bonds are limited obligations of the Authority payable only from the revenues derived by the Authority under the Loan Agreement and otherwise out of the Trust Estate (as defined herein) pledged under the Trust Indenture and any other security therefor. The Bonds are also secured by the 1993 Indenture (as defined herein) by virtue of the issuance of and deposit with the Bond Trustee of the Deposited Bonds (as defined herein). The Deposited Bonds are secured by the 1993 Indenture equally and ratably with all other Securities (as such term is defined in the 1993 Indenture) from time to time issued hereafter and outstanding. See "SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS -- General." The Bonds do not constitute nor give rise to a pecuniary liability of the State of South Carolina (the "State") or of any political subdivision thereof, including the Authority, or a charge against the general credit of the State or of any political subdivision thereof, including the Authority, or the taxing powers of the State. The Authority has no taxing powers, and no owner of any Bond will have the right to demand payment of the principal of or premium, if any, or interest on any Bonds from any funds raised by taxation.

The payment of the principal and purchase price of and interest on the Bonds will be secured by an irrevocable, direct-pay letter of credit (initially, the "Credit Facility"). The initial Credit Facility will be issued by Branch Banking & Trust Company (initially, the "Credit Facility Provider"), pursuant to a Credit Facility Provider Agreement dated as of _____ 1, 2008, between the Borrower and the Credit Facility Provider (the "Credit Facility Provider Agreement").

[Under the Credit Facility, the Bond Trustee will be permitted to draw up to (a) an amount equal to the aggregate principal amount of the Bonds outstanding for payment of the principal of the Bonds or the principal component of the purchase price of the Bonds, plus (b) an amount equal to 35 days' interest on the Bonds outstanding (computed at a rate of 12% per annum) for the payment of interest on the Bonds or the interest component of the purchase price of the Bonds, all as further described herein. The Credit Facility will expire on _____, unless terminated as provided earlier therein and as described herein.] The Trust Indenture requires the Bond Trustee to give Holders at least 20 days prior written notice of the expiration or termination of the Credit Facility or the proposed effective date of any Substitute Liquidity Facility or Self Liquidity Arrangement. See "SECURITY FOR AND SOURCES OF PAYMENTS FOR THE BONDS --The Credit Facility" and "SUMMARY OF CERTAIN PROVISIONS OF THE CREDIT FACILITY PROVIDER AGREEMENT".

WHILE CERTAIN INFORMATION RELATING TO THE BORROWER IS INCLUDED AND INCORPORATED WITHIN, THE BONDS ARE BEING MARKETING SOLELY ON THE BASIS OF THE CREDIT FACILITY AND THE FINANCIAL STRENGTH OF THE CREDIT FACILITY PROVIDER AND ARE NOT BEING MARKETING ON THE BASIS OF THE FINANCIAL STRENGTH OF THE AUTHORITY, THE BORROWER OR ANY OTHER SECURITY. THIS OFFICIAL STATEMENT DOES NOT DESCRIBE THE FINANCIAL CONDITION OF THE BORROWER AND NO REPRESENTATION IS MADE CONCERNING THE FINANCIAL STATUS OR PROSPECTS OF THE BORROWER OR THE VALUE OR FINANCIAL VIABILITY OF THE PROJECT. PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO RELY SOLELY UPON THE CREDIT FACILITY FOR PAYMENT OF PRINCIPAL AND PURCHASE PRICE OF AND INTEREST ON THE BONDS. AN EVENT OF DEFAULT UNDER THE CREDIT AGREEMENT, INCLUDING, AMONG OTHER THINGS, THE BORROWER'S FAILURE TO PAY ITS REIMBURSEMENT OBLIGATIONS OR COMPLY WITH ITS COVENANTS THEREUNDER, WILL PERMIT THE CREDIT FACILITY PROVIDER TO PROVIDE NOTICE TO THE BOND TRUSTEE TO DECLARE AN EVENT OF DEFAULT UNDER THE TRUST INDENTURE, WHICH WOULD REQUIRE THE TRUSTEE TO DECLARE THE BONDS TO BE IMMEDIATELY DUE AND PAYABLE. See "SUMMARY OF CERTAIN PROVISIONS OF THE CREDIT FACILITY PROVIDER AGREEMENT".

Certain information relating to the Credit Facility Provider, including certain financial information, is set forth in Appendix B hereto. Such descriptions and information do not purport to be comprehensive or definitive.

Unless otherwise defined herein, capitalized terms used in this Official Statement have the meanings ascribed to them in Appendix A under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE AND LOAN AGREEMENT - Definitions."

THE AUTHORITY

The Authority is a public body corporate and politic and an agency of the State of South Carolina, duly authorized under and pursuant to the provisions of Title 41, Chapter 43, Code of Laws of South Carolina 1976, as amended (the "Act"), to issue revenue bonds and to enter into agreements securing such bonds to provide funds for any program authorized under the Act and to loan the proceeds to eligible business enterprises to be used to acquire, by construction or purchase, land, buildings or other improvements thereon, machinery, equipment, office furnishings or other depreciable assets, or for research and design costs, legal and accounting fees, or other expenses in connection with the acquisition, construction and financing thereof.

THE PROJECT AND USE OF BOND PROCEEDS

The Project

The Borrower will use the proceeds of the Bonds for the purpose of providing funds, together with other available funds, to finance the acquisition, by construction and purchase, of solid waste control facilities at the Borrower's Wateree Electric Generating Station, including but not limited to, buildings and improvements to land, desulphurization systems, dewatering systems, conveyors and transportation systems, waste handling and disposal equipment, landfill improvements and equipment and other improvements and equipment functionally related and subordinate thereto, located in Richland County, South Carolina (the "Project").

Use of Bond Proceeds

All of the proceeds of the Bonds, together with other available funds, will be used to finance a portion of the cost of the Project described above and pay a portion of the costs of issuance of the Bonds.

THE BONDS

General

This Official Statement, in general, only describes the Bonds while bearing interest in a Weekly Interest Rate Period. Prospective purchasers of the Bonds bearing interest at rates other than a Weekly Interest Rate should not rely on this Official Statement.

The Bonds will be dated the date of their initial delivery and will mature, subject to prior redemption as described below, on _____ 1, 20___. Interest on the Bonds will be computed on the basis of a 365 or 366-day year, as appropriate, for the actual number of days elapsed during the Weekly Interest Rate Period.

The Bonds will be issued as fully-registered bonds in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "THE BONDS -- Book-Entry System" herein for information concerning DTC and the book-entry-only system for the Bonds.

While the Bonds bear interest at a Weekly Interest Rate, individual purchases of the Bonds by the beneficial owners will be only in denominations of \$100,000 and integral multiples of \$5,000 in excess of \$100,000 (an "Authorized Denomination").

The Bonds will initially bear interest at a Weekly Interest Rate. The interest rate may be changed from time to time to a Daily Interest Rate, Bond Interest Term Rate or Long-Term Interest Rate as described below under the subheading "Interest Rates". While the Bonds bear interest at a Weekly Interest Rate, interest will be payable monthly in arrears on the first Business Day of the month, commencing _____, 2008.

Payment of the principal or redemption price of the Bonds is payable upon presentation and surrender thereof at the principal office of the Bond Trustee. For information as to payment of principal of, premium, if any, and interest on such Bonds to the Beneficial Owners of the Bonds when the Bonds are subject to the Book-Entry System, see "THE BONDS -- Book-Entry System" herein. If the Book-Entry System is ever discontinued for the Bonds, payment of interest on any Interest Payment Date will be made by check or draft mailed by first-class postage prepaid on the date on which it is due to the person whose name appears on the register of record owners of the Bonds maintained by the Bond Trustee (the "Register") as the registered owner thereof as of the close of business on the Regular Record Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder as of such Regular Record Date and will be paid to the person in whose name the Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest or in any other lawful manner as determined by the Authority in accordance with the Trust Indenture.

Interest Rates

General

The Bonds will initially bear interest at a Weekly Interest Rate until the interest rate on the Bonds is adjusted to a Daily Interest Rate, Bond Interest Term Rate or Long-Term Interest Rate; provided, however, that all Bonds must be adjusted to a new interest rate mode if any are changed.

Interest on the Bonds will be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date and ending on and including the day immediately preceding the Interest Payment Date (or, if sooner, the last day of the Weekly Interest Rate Period). In any event, interest on the Bonds will be payable for the final Interest Rate Period to the date on which the Bonds have been paid in full.

The term of the Bonds will be divided into consecutive Interest Rate Periods during which the Bonds will bear interest at a Weekly Interest Rate; provided, however, that at no time will any Bond bear interest in excess of 12% per annum, except Bank Bonds. The first Interest Rate Period will commence the date of issuance of the Bonds and will be a Weekly Interest Rate Period.

Weekly Interest Rate

The Bonds will bear interest at the Weekly Interest Rate, which will be determined by the Remarketing Agent by 4:30 p.m. on Wednesday of each week during such Weekly Interest Rate Period, or if such day is not a Business Day, then on the immediately preceding Business Day. The first Weekly Interest Rate determined for each Weekly Interest Rate Period will apply to the period determined on or prior to the first day of such Weekly Interest Rate Period and will apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on and including the next succeeding Wednesday. Thereafter, each Weekly Interest Rate will apply to the period commencing on and including Thursday and ending on and including the next succeeding Wednesday, unless such Weekly Interest Rate Period will end on a day other than Wednesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period will apply to the period commencing on the Thursday preceding the last day of such Weekly Interest Rate Period and ending on and including the last day of such Weekly Interest Rate Period.

The Weekly Interest Rate will be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such date of determination at a price (without regard to accrued interest) equal to the principal amount thereof.

In the event that the Remarketing Agent fails to establish a Weekly Interest Rate for any week, then the Weekly Interest Rate for such week will be the same as the Weekly Interest Rate for the immediately preceding week if the Weekly Interest Rate for such preceding week was determined by the Remarketing Agent. In the event that the Weekly Interest Rate for the immediately preceding week was not determined by the Remarketing Agent, or in the event that the Weekly Interest Rate determined by the Remarketing Agent is held to be invalid or unenforceable by a court of law, then the interest rate for such week will be equal to 110% of the SIFMA Index made available for the week preceding the date of determination, or if the SIFMA Index is no longer available, or no such index was so made available for the week preceding the date of determination, 75% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in The Wall Street Journal on the day the Weekly Interest Rate would otherwise be determined as provided in the Trust Indenture for such Weekly Interest Rate Period.

Adjustment of Interest Rates

Conversion from Weekly Interest Rate

The Borrower, at any time, by written direction to the Bond Trustee and with copies to the Authority, the Tender Agent, the Remarketing Agent, each Rating Agency then rating the Bonds, the Credit Facility Provider (if a Credit Facility or Liquidity Facility is in effect), may elect, subject to the terms of the Trust Indenture, that the Bonds shall bear interest at a Daily Interest Rate, a Short-Term Interest Rate or a Long-Term Interest Rate.

If the Interest Rate Period for the Bonds is to be converted from the Weekly Interest Rate Period, then such Bonds shall be subject to mandatory tender for purchase on the first day of each Interest Rate Period and on the first day of each new Long-Term Interest Rate Period at a purchase price, payable in immediately available funds, equal to the principal amount thereof, plus accrued interest.

Additional Conditions to Adjustment of Interest Rates

In addition to the other requirements set forth in "Conversion from Weekly Interest Rate" above and in the provisions of the Trust Indenture, no adjustment from a Weekly Interest Rate Period to another will take effect unless in the case of any adjustment with respect to which there will be no Credit Facility or Liquidity Facility in effect to provide funds for the purchase of the Bonds on the effective date, the remarketing proceeds available on the adjustment date are not less than the amount required to purchase all of the Bonds at a price equal to the principal amount of the Bonds.

Tender and Purchase of Bonds

THE TRUST INDENTURE PROVIDES THAT SO LONG AS CEDE & CO. IS THE SOLE REGISTERED OWNER OF THE BONDS, ALL TENDERS AND DELIVERIES OF THE BONDS UNDER THE PROVISIONS OF THE TRUST INDENTURE WILL BE MADE PURSUANT TO DTC'S PROCEDURES IN EFFECT FROM TIME TO TIME, AND NEITHER THE AUTHORITY, THE BORROWER, THE TENDER AGENT, THE BOND TRUSTEE NOR THE REMARKETING AGENT WILL HAVE ANY RESPONSIBILITY FOR OR LIABILITY WITH RESPECT TO THE IMPLEMENTATION OF SUCH PROCEDURES.

Tender for Purchase Upon Election of Holder During Weekly Interest Rate Period

When a Book-Entry System is in effect, a Beneficial Owner (through its Participant) may tender its interest in a Bond for purchase on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Payment Date immediately preceding the date of purchase through and including the day immediately preceding the date of purchase, unless the date of purchase is an Interest Payment Date, in which case at a purchase price equal to the principal amount thereof, payable in immediately available funds, upon delivery to the Tender Agent and the Remarketing Agent at their respective principal offices for delivery of notices, by no later than 4:00 p.m. on such Business Day, of an irrevocable written notice, which states the principal amount of such Bond and the date on which the same will be purchased, which date will be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Tender Agent and the Remarketing Agent. Any notice delivered to the Tender Agent and the Remarketing Agent after 4:00 p.m. will be deemed to have been received on the next succeeding Business Day.

The Tender Agent will promptly send a copy of any notice delivered to it by telephone, confirmed by telecopy to the Credit Facility Provider. On the date for purchase specified in the notice, the Beneficial Owner will effect delivery of such Bonds by causing the Participant through which such Beneficial Owner owns such Bonds to transfer an interest in such Bonds equal to such Beneficial Owner's interest on the records of the Securities Depository to the participant account of the Tender Agent with the Securities Depository.

When a Book-Entry System is not in effect, a Holder may tender his Bond by delivery to the Tender Agent of the notice described above by the time described above and will also deliver the Bond to the Tender Agent at its principal office for delivery of Bonds on the date specified for purchase accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or his duly authorized attorney, with such signature guaranteed by a member of the New York Stock Exchange's Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with the provisions of Securities and Exchange Commission Rule 17Ad-15.

Mandatory Tender for Purchase on the First Day of Each Interest Rate Period in the Event of a Conversion to a New Interest Rate Period

The Bonds will be subject to mandatory tender for purchase on the first day of each Interest Rate Period, or on the day which would have been the first day of an Interest Rate Period had certain events described in the Trust Indenture not occurred which resulted in the interest rate on such Bonds not being adjusted, in the event of a conversion from one Interest Rate Period to another Interest Rate Period and on the first day of each new Long-Term Interest Rate Period, at a purchase price, payable in immediately available funds, equal to the principal amount of the Bonds.

Mandatory Tender for Purchase upon Termination, Expiration or Replacement of Credit Facility

The Bonds are subject to mandatory tender for purchase at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the date of purchase: (i) on the fifth Business Day next preceding the date on which a Credit Facility then in effect is stated to expire or terminate (unless extended); and (ii) if the Credit Facility then in effect will terminate prior to its stated expiration date on account of delivery of an Alternate Credit Facility or a Substitute Liquidity Facility or implementation of a Self Liquidity Arrangement, on the proposed effective date of the Alternate Credit Facility, Substitute Liquidity Facility or Self Liquidity Arrangement.

Mandatory Tender for Purchase at the Direction of the Borrower

The Bonds are subject to mandatory tender for purchase on any Business Day designated by the Borrower, with the consent of the Remarketing Agent and the Credit Facility Provider or Liquidity Facility Provider, at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the date of purchase. Such

purchase date will be a Business Day not earlier than the 30th day following the fifth Business Day after receipt by the Bond Trustee of such designation.

Irrevocable Notice Deemed to be Tender of Bonds

The giving of notice by a Beneficial Owner or Holder of a Bond pursuant to the provisions of the Trust Indenture described above under the heading “--Tender for Purchase Upon Election of Holder During Weekly Interest Rate Period” will constitute the irrevocable tender for purchase of each such Bond with respect to which such notice has been given, regardless of whether such Bond is delivered to the Tender Agent for purchase on the relevant purchase date. The Tender Agent may refuse to accept delivery of any Bonds for which a proper instrument of transfer has not been provided; such refusal, however, may not affect the validity of the purchase of such Bond as herein described. If any Beneficial Owner or Holder of a Bond who will have given notice of tender of purchase fails to deliver such Bond to the Tender Agent at the place and on the applicable date and at the time specified, or will fail to deliver such Bond properly endorsed, such Bond will constitute an Undelivered Bond.

Undelivered Bonds

If funds in the amount of the purchase price of the Undelivered Bonds are available for payment to the Holder thereof on the date and at the time specified, from and after the date and time of that required delivery, (1) each Undelivered Bond will be deemed to be purchased and will no longer be deemed to be outstanding under the Trust Indenture; (2) interest will no longer accrue thereon; and (3) funds in the amount of the purchase price of each such Undelivered Bond will be held by the Tender Agent for the benefit of the Holder thereof (provided that the Holder has no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of such Undelivered Bond to the Tender Agent at its principal office for delivery of Bonds. Any funds held by the Tender Agent as described in clause (3) of the preceding sentence will be held uninvested and not commingled.

Payment of Purchase Price

For payment of the purchase price of any Bond required to be purchased as provided in the Trust Indenture on the purchase date specified in the applicable notice, such Bond must be delivered, at or prior to 10:00 a.m. on the mandatory purchase date, (1) if a Book-Entry System is not in effect, to the Tender Agent at its principal office for delivery of Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or his duly authorized attorney, with such signature guaranteed by a member of the New York Stock Exchange's Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with the provisions of Securities and Exchange Commission Rule 17Ad-15 or (2) if a Book-Entry System is in effect, by registration of the ownership rights in such Bond to the Tender Agent on the records of the Securities Depository. In the event any such Bond is delivered after 10:00 a.m. on such date, payment of the purchase price of such Bond need not be made until the Business Day following the date of delivery of such Bond, but such Bond will nonetheless be deemed to be an Undelivered Bond and to have been purchased on the mandatory purchase date and no interest will accrue thereon after such date.

Delivery for Tender Notices and Tendered Bonds

Notices in respect of tenders for purchase at the election of Holders and Bonds subject to optional and mandatory purchase as described above must be delivered to the Tender Agent. The initial address of the Tender Agent to which such notices and Bonds should be delivered is: _____.

Book-Entry Tender and Delivery Procedures

Notwithstanding anything to the contrary contained in the Trust Indenture, so long as a Securities Depository Nominee is the sole Holder of the Bonds, all tenders for purchase and deliveries of Bonds tendered for purchase or subject to mandatory tender under the provisions of the Trust Indenture will be made pursuant to the Securities Depository's procedures as in effect from time to time and neither the Authority, the Borrower, the Tender Agent, the Bond Trustee nor the Remarketing Agent will have any responsibility for or liability with respect to the implementation of such procedures.

Source of Funds for Purchase of Bonds

On the date on which Bonds are to be purchased pursuant to the Trust Indenture, the Trustee will purchase such Bonds from the Holders thereof at the purchase price thereof. Funds for the payment of such purchase price will be derived solely from the following sources in the order of priority indicated:

- (a) proceeds of the sale of the Bonds remarketed by the Remarketing Agent;
- (b) moneys received from draws on the Credit Facility; and
- (c) moneys, if any, provided to the Tender Agent by the Borrower.

Redemption of the Bonds

Optional Redemption

The Bonds are subject to optional redemption, at the option of the Borrower if the Borrower exercises its option to prepay amounts due under the Note pursuant to the Loan Agreement, on any Business Day, in whole or in part, at a Redemption Price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest, if any, to the redemption date, plus accrued interest, if any, to the redemption date.

Extraordinary Optional Redemption

If the Borrower exercises its option to prepay the Loan in full or in part as provided in the Loan Agreement, the Bonds are required to be redeemed in whole if the Loan is prepaid in full, or in part if the Loan is prepaid in part, on any date, by the Authority at the direction of the Borrower, and in either event at a Redemption Price equal to 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date.

Notice of Redemption

Notice of any redemption will be given by the Bond Trustee to all Holders owning Bonds to be redeemed not less than 30 days and not more than 60 days prior to the redemption date. Failure to give such notice to any Holder or any defect in any notice so mailed will not affect the sufficiency of the proceedings for redemption of the Bonds of any other Holders.

From and after the redemption date, if the Bond Trustee holds Available Moneys and/or Defeasance Obligations sufficient to pay the Redemption Price, then the Bonds so called for redemption will cease to accrue interest or be entitled to any benefit or security under the Trust Indenture, and the Holders of said Bonds will have no rights in respect thereof except to receive payment of the Redemption Price plus accrued interest to the redemption date.

In the case of an optional redemption or extraordinary optional redemption, the redemption notice may state that (a) it is conditioned upon the deposit of Available Moneys, or Defeasance Obligations purchased with Available Moneys, or a combination of both, in an amount equal to the amount necessary to effect the redemption, with the Bond Trustee no later than the scheduled redemption date or (b) the Borrower retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption will be of no effect if such moneys are not so deposited or if the notice is rescinded as described in this paragraph. In the case of a Conditional Redemption subject to the deposit of Available Moneys or Defeasance Obligations, the failure of the Borrower or any other Person to make such Available Moneys or Defeasance Obligations available in part or in whole on or before the scheduled redemption date will not constitute an Event of Default under the Trust Indenture and the Bonds subject to such Conditional Redemption will remain Outstanding. Any Conditional Redemption subject to rescission may be rescinded in whole or in part at any time on or prior to the scheduled redemption date if a Borrower Representative instructs the Bond Trustee in writing to rescind the redemption notice. Any Bonds subject to Conditional Redemption where redemption has been rescinded will remain Outstanding, and the rescission will not constitute an Event of Default under the Trust Indenture. If a Conditional Redemption for which notice has been sent to Holders will not occur, either because Available Moneys or Defeasance Obligations to effect such redemption are not available on or before the scheduled redemption date or the Borrower has rescinded such notice, the Bond Trustee will immediately give notice by Electronic Means to the Securities Depository if all of the Bonds are Book Entry Bonds or the affected Holders of any Bonds that are not Book Entry Bonds that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

Negotiability, Registration and Transfer of Bonds

So long as the Book-Entry Only System is continued, transfers and exchanges will be effectuated as described in "THE BONDS-- Book-Entry System" herein.

The Bond Trustee will keep the Register for the registration and registration of transfer of Bonds as provided in this Trust Indenture. Subsequent to the discontinuance of the Book-Entry Only System, the transfer of any Bond may be registered only upon the Register upon surrender thereof to the Bond Trustee together with an assignment duly executed by the registered owner or such owner's attorney or legal representative in such form as is satisfactory to the Bond Trustee. Upon any such registration of transfer the Authority will execute and the Bond Trustee will authenticate and deliver in exchange for such Bond a new registered Bond or Bonds, registered in the name of the transferee, of any Authorized Denomination or Denominations authorized by the Trust Indenture in the aggregate principal amount equal to the principal amount of such Bond surrendered or exchanged and bearing interest at the same rate. In all cases in which Bonds are exchanged or the transfer of Bonds is registered, the Authority will execute and the Bond Trustee will authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of the Trust Indenture. All Bonds surrendered in any such exchange or registration of transfer will forthwith be cancelled by the Bond Trustee. Registrations of transfer or exchanges of Bonds will be without charge to the Holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same will be paid by the Holder of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. Neither the Authority nor the Bond Trustee will be required (i) to issue, transfer or exchange Bonds during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds pursuant to the Trust Indenture and ending at the close of business on the day of such mailing or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part.

_____ is Bond Trustee under the Trust Indenture. Any successor Bond Trustee must be a trust company or bank in good standing with combined capital, surplus and undivided profits aggregating not less than \$100 million and be recommended by the Borrower and appointed by the Authority (subject to the approval of the State Treasurer, if then required under applicable law).

Acceleration

Upon the occurrence of certain events of default under the Trust Indenture, including, but not limited to, nonpayment of the principal of or interest on the Outstanding Bonds when the same will become due and payable, the principal of and accrued interest on the Bonds are subject to acceleration as provided in the Trust Indenture. For a description of the Events of Default and the circumstances under which acceleration may occur and other remedies available to the Bond Trustee and the Holders of the Bonds, see "SUMMARY OF CERTAIN DOCUMENTS RELATING TO THE BONDS — Events of Default and Remedies" in Appendix A hereto.

Book-Entry System

The Bonds are in book-entry form, without physical delivery of the Bonds to beneficial owners of the Bonds (the "Beneficial Owners"). The Bond Trustee will make principal, redemption premium (if any), and interest payments to The Depository Trust Company ("DTC"), New York, New York, which will in turn remit such payments to its participants for subsequent distribution to Beneficial Owners.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. A fully-registered security certificate will be issued for the Bonds, in the aggregate principal amount of the Bonds, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC

is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of a Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, Redemption Price, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Bond Trustee on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Authority, or the Bond Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner will give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Tender Agent, and will effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority and the Bond Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority and the Borrower believe to be reliable, but the Authority and the Borrower take no responsibility for the accuracy thereof.

NEITHER THE AUTHORITY, THE BORROWER NOR THE BOND TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OF THE BONDS UNDER THE TERMS OF THE TRUST INDENTURE; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.

SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds are limited obligations of the Authority and do not constitute an indebtedness of the State of South Carolina or the Authority within the meaning of any State constitutional provision or statutory limitation (other than Article X, Section 13(9) of the South Carolina Constitution permitting indebtedness payable from a source other than a tax or license). The Bonds do not constitute nor give rise to a pecuniary liability of the State of South Carolina or the Authority or a charge against the general credit of the Authority or the State of South Carolina of taxing powers of the State of South Carolina. The Authority has no taxing powers. No owner of any Bond will have the right to demand payment of the principal of, premium, if any, or interest on any Bond from any funds raised from taxation.

General

The Bonds are being issued by the Authority under the Trust Indenture. The Bonds are limited obligations of the Authority payable solely from the Trust Estate. The Authority has agreed to assign and pledge to the Bond Trustee the Trust Estate which includes (i) all right, title and interest of the Authority in and to the Note, (ii) all right, title and interest of the Authority in and to the Loan Agreement (other than Unassigned Rights), (iii) the Borrower's Deposited Bonds as described herein, which have been issued by the Borrower and deposited with the Bond Trustee, and all sums payable in respect of the indebtedness evidenced thereby, (iv) all moneys and securities in the Bond Fund and the Redemption Fund and, until applied in payment of the cost of the Project and the cost of issuing the Bonds, all moneys and securities in the Project Fund, and (v) all moneys drawn by the Bond Trustee under a Credit Facility.

Pursuant to the Loan Agreement, the Borrower is obligated to pay the Bond Trustee, as the assignee of the Authority, moneys equal in amount to the principal and interest payments due on the Bonds, at the time such payments are due, in addition to other amounts payable under the Loan Agreement (other than indemnity and the Authority's expenses of issuance). The Borrower's obligation to make payments under the Loan Agreement are absolute and unconditional, and the Borrower will not be entitled to any abatement or setoff, waiver or modification

of such obligations for any reason regardless of rights the Borrower may have against the Bond Trustee or the Authority.

Contemporaneously with the issuance and delivery of the Bonds, the Borrower will cause to be delivered to the Bond Trustee its First Mortgage Bonds, 2008 Deposited Series (the "Deposited Bonds") which Deposited Bonds will bear interest at the same rates and will mature on the same dates and in the same years and principal amounts as the Bonds. The Deposited Bonds will be issued under the Indenture, dated as of April 1, 1993, between the Borrower and The Bank of New York Mellon Trust Company, N.A., successor to NationsBank of Georgia, National Association, a national banking corporation, as trustee (the "1993 Trustee"), as supplemented, including as supplemented by the Second Supplemental Indenture dated as of June 15, 1993 (the "1993 Indenture"), between the Borrower and the 1993 Trustee. For more complete information with respect to the 1993 Indenture and the Deposited Bonds, see "SUMMARY OF CERTAIN DOCUMENTS RELATING TO THE BONDS -- 1993 Indenture" in Appendix A.

Credit Facility

The Bonds will also be secured by an irrevocable, direct-pay Letter of Credit (initially, the "Credit Facility") to be issued by Branch Banking & Trust Company (initially, the "Credit Facility Provider") on the date of issuance of the Bonds. [The Credit Facility when issued will be in the stated amount of \$_____ (the "Letter of Credit Amount"), of which an aggregate amount not exceeding \$_____ may be drawn upon with respect to the payment of principal of the Bonds or that portion of the Purchase Price corresponding to principal (the "Letter of Credit Amount-Principal Component") and an aggregate amount not exceeding \$_____ (but no more than an amount equal to accrued interest on the Bonds for the immediately preceding 35 days, computed as though the Bonds bore interest at the rate of 12% per annum notwithstanding the actual rate borne by the Bonds from time to time, based on a 365-day year) may be drawn upon with respect to payment of interest on the Bonds or that portion of the Purchase Price corresponding to interest (the "Letter of Credit Amount-Interest Component"); provided, however, that the amount available to be drawn under the Credit Facility with respect to interest on the Bonds or the interest component of the purchase price of the Bonds will in no event exceed the actual amount of interest accrued on the Bonds. The Credit Facility will expire on the earliest of any of the following (the "Termination Date"): (i) the close of business on _____ (the "Expiration Date"), (ii) the date on which the principal amount of and interest on the Bonds will have been paid in full, (iii) the date on which the interest rate on the Bonds will have been adjusted to (a) a Long-Term Interest Rate or (b) a Short-Term Interest Rate Period where all interest terms of the Bond end on the day prior to the maturity of the Bonds, (iv) the date on which the Credit Facility Provider honors the draft drawn under the Credit Facility following the occurrence of an Event of Default under the Trust Indenture and an acceleration of the Bonds, (v) the date on which the Credit Facility Provider honors a draft drawn under the Credit Facility to purchase the Bonds following receipt by the Bond Trustee of written notice from the Credit Facility Provider that an event of default under the Credit Facility Provider Agreement has occurred and is continuing and a written request from the Credit Facility Provider that the Bonds be required to be tendered for purchase, (vi) the date the Credit Facility is surrendered to the Credit Facility Provider by the Bond Trustee for cancellation following acceptance by the Bond Trustee of an Alternate Credit Facility, or (vii) the date the Credit Facility Provider honors the final drawing available under the Credit Facility.]

If a Credit Facility expires, or if a Credit Facility terminates prior to its stated expiration date on account of the delivery of an Alternate Credit Facility, the Bond Trustee will give written notice of such event to Holders not less than 20 days prior to the expiration or termination of the Credit Facility in accordance with its terms or the proposed effective date of the Alternate Credit Facility, and the Bonds will be subject to mandatory tender for purchase as described under "THE BONDS – Tender and Purchase of Bonds – Mandatory Tender for Purchase upon Termination, Expiration or Replacement of Credit Facility or Liquidity Facility."

[The Borrower, with at least thirty (30) days written notice to the Credit Facility Provider, may extend the Credit Facility for an additional year, provided, (i) immediately prior to such extension and immediately after giving effect thereto, no default or event of default under the Credit Facility Provider Agreement will have occurred and be continuing and (b) the Borrower has paid all fees payable under the Credit Facility Provider Agreement.]

Reduction and Reinstatement of Credit Facility

[The Letter of Credit Amount Principal Component and the Letter of Credit Amount Interest Component of the Credit Facility, as the case may be, will be reduced immediately following the Credit Facility Provider's

honoring any draft drawn under a Credit Facility to pay principal of, or interest on, the Bonds, to pay the interest portion of the purchase price of the Bonds, or to pay the principal portion of the purchase price of the Bonds (a "Tender Drawing"), in each case by an amount equal to the amount of such draft.

Following each drawing under the Credit Facility to pay interest on the Bonds (including interest constituting a portion of the purchase price of the Bonds), the amount so drawn will be automatically reinstated to the Letter of Credit Amount Interest Component immediately upon payment by the Credit Facility Provider of such drawing.

Immediately upon written notice from the Credit Facility Provider to the Borrower that the Credit Facility Provider has been reimbursed for any loan or advance made by the Credit Facility Provider to the Borrower, the proceeds of which loan or advance were used by the Borrower to reimburse the Credit Facility Provider for a Tender Drawing under a Credit Facility, the amount so drawn will be restored, as of the date of such notice of reimbursement, to the Letter of Credit Amount-Principal Component of the Credit Facility.]

Alternate Credit Facility

If there is delivered to the Bond Trustee (i) an Alternate Credit Facility covering the Bonds, (ii) a Favorable Opinion of Bond Counsel, (iii) either (A) written evidence from each Rating Agency then rating the Bonds, in each case to the effect that such Rating Agency has reviewed the proposed Alternate Credit Facility and the ratings of the Bonds after substitution of such Alternate Credit Facility will not result in a rating of below "A" from such Rating Agency or (B) written evidence that the long-term debt of the provider of the proposed Alternate Credit Facility is rated "A" or better by Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Service ("S&P") or Fitch, Inc. ("Fitch"), (iv) if such Alternate Credit Facility is other than a letter of credit issued by a domestic commercial bank, an opinion of Counsel that no registration of the Bonds or such Alternate Credit Facility is required under the Securities Act of 1933, as amended, (v) an Opinion of Counsel satisfactory to the Bond Trustee to the effect that such Alternate Credit Facility is a valid and enforceable obligation of the issuer or provider thereof, and (vi) if the Credit Facility then in effect with respect to the Bonds does not cover premiums due on such Bonds, and the Bonds would be subject to mandatory tender for purchase at a purchase price in excess of the principal amount thereof plus accrued and unpaid interest thereon to but not including the date of purchase, Available Moneys in an amount sufficient to pay the premium due on the Bonds under the provisions of the Trust Indenture, then the Bond Trustee will accept such Alternate Credit Facility and, after the Bond Trustee has received sufficient funds to pay the purchase price of the Bonds on the date of the mandatory tender for purchase established under the provisions of the Trust Indenture (by drawing on the Credit Facility if necessary), promptly surrender the Credit Facility then in effect to the Credit Facility Provider which issued the Credit Facility in accordance with its terms for cancellation or deliver any document necessary to reduce the coverage of the Credit Facility permanently.

If a Liquidity Facility or Self Liquidity Arrangement is in effect with respect to the Bonds, a Credit Facility covering such Bonds may be delivered to the Bond Trustee if all of the conditions set forth in the provisions of the Trust Indenture described in the immediately preceding paragraph and certain other provisions in the Trust Indenture regarding the delivery of an Alternate Credit Facility for the Bonds and notice thereof are satisfied. After the Bond Trustee accepts the Credit Facility, the Tender Agent will enforce payment of any amounts due under an existing Liquidity Facility to the extent required by the Trust Indenture and promptly surrender such existing Liquidity Facility to the issuer thereof.

SUMMARY OF CERTAIN PROVISIONS OF THE CREDIT FACILITY PROVIDER AGREEMENT

General

[to be provided]

Events of Default and Covenants Under Credit Agreement

[to be provided]

SOUTH CAROLINA ELECTRIC & GAS COMPANY

The Borrower is a South Carolina corporation organized in 1924 and is a wholly-owned subsidiary of SCANA Corporation ("SCANA"). The Borrower is a regulated public utility engaged in the generation, transmission, distribution and sale of electricity and in the purchase and sale, primarily at retail, of natural gas in South Carolina. The Borrower's electric service area covers over 16,000 square miles and extends into 24 counties in central, southern and southwestern portions of South Carolina. The service area for natural gas encompasses all or part of 35 counties of the 46 counties in South Carolina and covers more than 23,000 square miles. The total population of the Borrower's combined electric and gas service area is approximately 3.0 million.

The Borrower is required to comply with the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and to file with the United States Securities and Exchange Commission (the "SEC") annual, quarterly and current reports, proxy statements and other information as required by the Exchange Act. Such reports contain information with respect to the operations of the Borrower. These reports, proxy statements and other information are available to be inspected and copied at the SEC's public reference facility at 100 F Street, N.E., Washington, D.C. 20549, telephone number 1-800-SEC-0330. The SEC maintains a website (the contents of which are not incorporated herein by reference) that contains reports, proxy information and other information concerning the Borrower and other registrants that file electronically with the SEC. The address of the SEC's website is www.sec.gov. Information included on the SEC's website is expressly not incorporated by reference into this Official Statement.

The following documents and/or portions thereof have been previously filed by the Borrower with the SEC and are hereby incorporated herein by reference into this Official Statement as of their respective dates:

- (a) Annual Report on Form 10-K for the year ended December 31, 2007;
- (b) Quarterly Reports on Form 10-Q for the quarters ended March 31, 2008 and June 30, 2008; and
- (c) Current Reports on Form 8-K, filed on January 8, 2008, February 15, 2008, March 1, 2008, May 21, 2008, May 30, 2008, June 10, 2008, June 18, 2008 and July 10, 2008

In addition, all documents filed by the Borrower pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Official Statement will be deemed to be incorporated by reference into this Official Statement and to be a part hereof from the date of the filing of such documents.

Any statement contained in any document incorporated or deemed to be incorporated by reference into this Official Statement will be deemed to be modified or superceded for purposes thereof to the extent that a statement contained therein or in any subsequently filed document that is also incorporated or deemed to be incorporated by reference modifies or supercedes such statement. Any statement so modified or superceded will not be deemed to constitute a part of this Official Statement.

UNDERWRITING

The Bonds are being purchased by BB&T Capital Markets, a division of Scott & Stringfellow, Inc., (the "Underwriter").

[The Underwriter also provides various commercial banking and investment banking services to the Borrower from time to time.]

The purchase contract for the Bonds (the "Bond Purchase Agreement") sets forth (i) the Underwriter's obligation to purchase the Bonds at an aggregate purchase price of \$_____ (representing the par amount of the Bonds [less an Underwriter's discount of \$_____]), and (ii) is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds, if any Bonds are to be purchased. The Borrower has agreed to indemnify the Underwriter and the Authority as to certain matters in connection with the Bonds.

The Underwriter may offer and sell Bonds to certain dealers including dealer banks and dealers depositing Bonds into investment trusts and others at prices lower than the public offering prices stated on the cover of this Official Statement. The initial public offering prices may be changed from time to time by the Underwriter.

REMARKETING AGENT

BB&T Capital Markets, a division of Scott & Stringfellow, Inc. has been appointed to serve as the initial Remarketing Agent for the Bonds (the "Remarketing Agent").

The Remarketing Agent will carry out the duties and obligations provided for the Remarketing Agent in accordance with the provisions of the Trust Indenture, the Tender Agent Agreement and the Remarketing Agreement. The Remarketing Agent's principal office for purposes of carrying out the responsibilities of Remarketing Agent for the Bonds is _____.

LITIGATION

There is no litigation pending or, to the knowledge of the Authority, threatened against the Authority seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way questioning or affecting the validity of the Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof or questioning or affecting the validity of the pledge or application of any security pledged for the payment of the Bonds or the existence or powers of the Authority to issue the Bonds.

There is no litigation pending or, to the knowledge of the Borrower, threatened against the Borrower seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way questioning or affecting the validity of the Bonds or any proceedings of the Borrower taken with respect to the issuance or sale thereof or questioning or affecting the validity of the pledge or application of any security pledged for the payment of the Bonds, or questioning the right of the Borrower to enter into the Loan Agreement to borrow funds for the uses set forth herein.

LEGAL MATTERS

Legal matters incident to the authorization and validity of the Bonds are subject to the approving opinion of McNair Law Firm, P.A., Columbia, South Carolina, Bond Counsel. The proposed form of such opinion is included in Appendix C hereto.

Certain legal matters will be passed on for the Borrower by Francis P. Mood, Jr., Esquire, Columbia, South Carolina, and McNair Law Firm, P.A., Columbia, South Carolina. Certain legal matters will be passed on for the Underwriter by King & Spalding, Atlanta, Georgia. Certain legal matters will be passed on for the Credit Facility Provider by _____.

TAX EXEMPTION

Federal Income Taxation

In the opinion of McNair Law Firm, P.A., Columbia, South Carolina, Bond Counsel, under existing statutes, rulings and court decisions and under applicable regulations, interest on the Bonds is not includable in gross income for federal income tax purposes, except for interest on any Bonds for any period during which such Bonds are held by a person who is a "substantial user" of the facilities financed or refinanced by the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. No opinion will be expressed with respect to any other federal tax consequences of the receipt or accrual of interest on, or the ownership of, the Bonds. Bond Counsel has no responsibility to review or update its opinion for any changes in law or fact occurring after the date of issuance of the Bonds.

Ownership of the Bonds may result in other collateral federal income tax consequences to certain taxpayers, including, without limitation, banks, thrift institutions and other financial institutions, foreign corporations which conduct a trade or business in the United States, property and casualty insurance corporations, S corporations, individual recipients of social security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

In concluding that the interest on the Bonds is not includable in gross income for federal income tax purposes, Bond Counsel will (i) rely as to certain factual matters upon representations of the Authority and the Borrower with respect to, among other things, the use of the proceeds of the Bonds, the design, scope, function, cost and economic useful life of the equipment and facilities constituting the Project, without undertaking to verify the same by independent investigation, and (ii) assume the continued compliance by the Authority and the Borrower with their respective covenants relating to the use of the proceeds of the Bonds and compliance with other requirements of the 1954 Code and the Code, as applicable. The inaccuracy of any such representations or noncompliance with such covenants may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

South Carolina Income Taxation

In the opinion of Bond Counsel, the interest on the Bonds is exempt from all South Carolina taxation exempt inheritance or other transfer taxes, and certain franchise taxes. Section 12-11-20, Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed at the rate of 4.5% of the entire net income of such bank. Regulations of the South Carolina Department of Revenue require that the term "entire net income" include income derived from any source whatsoever including interest on obligations of any state and any political subdivision thereof. Interest on the Bonds will be included in such computation. Interest on the Bonds may or may not be subject to state or local taxation in jurisdictions other than South Carolina under applicable state or local laws. Purchasers of the Bonds should consult their tax

RATINGS

Standard and Poor's Ratings Service, a Division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York ("S&P") is expected to assign its ratings of "_____" to the Bonds based upon the availability of the Credit Facility.

There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of the respective rating agency, circumstances so warrant. The Underwriter has not undertaken any responsibility either to bring to the attention of owners of the Bonds any proposed revision or withdrawal of the ratings or to oppose any such proposed revision or withdrawal. Any downward revision or withdrawal of the rating may have an adverse effect on the market prices of the Bonds.

LEGALITY FOR INVESTMENT

The Bonds are legal investments for all public officers and bodies of the State of South Carolina and its political subdivisions and all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries in the State of South Carolina.

CONTINUING DISCLOSURE

The Bonds are exempt from the continuing disclosure requirements of paragraph (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Act of 1934 while they bear interest in a Weekly Interest Rate Period. The Borrower will covenant in the Loan Agreement, in the event the Bonds are adjusted to an Interest Rate Period that would make the Bonds subject to the requirements of the Rule, to comply with the requirements of the Rule and execute a continuing disclosure undertaking, for the benefit of the Beneficial Owners of the Bonds, to provide continuing information as required by the Rule.

MISCELLANEOUS

The Borrower has furnished all information herein relating to the Borrower. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the owner of any of the Bonds.

The references herein to the Trust Indenture, the Note and the Loan Agreement are brief outlines of certain provisions thereof. Such outlines do not purport to be complete, and for full and complete statements of such

provisions, reference is made to such instruments, documents and other materials, copies of which will be on file at the office of the Bond Trustee in _____.

APPENDIX A
SUMMARY OF CERTAIN DOCUMENTS RELATING TO THE BONDS

[summaries of Trust Indenture, Loan Agreement and 1993 Indenture to be provided]

APPENDIX B
THE CREDIT FACILITY PROVIDER

[to be provided]

APPENDIX C
PROPOSED FORM OF BOND COUNSEL OPINION

[to be provided]

South Carolina Electric & Gas Company
Pro Forma Consolidated Balance Sheet
June 30, 2008 (Unaudited)
(Dollars in thousands)

	Actual June 30, 2008	Adjustments	As Adjusted June 30, 2008
Assets:			
Utility Plant in Service	\$ 8,127,449		\$ 8,127,449
Less: Accumulated Depreciation and Amortization	(2,597,082)		(2,597,082)
Total	5,530,367		5,530,367
Construction Work in Progress	454,605		454,605
Nuclear Fuel, Net of Accumulated Depreciation	81,412		81,412
Utility Plant, net	6,066,384	-	6,066,384
Nonutility Property and Investments:			
Nonutility Property, Net of Accumulated Depreciation	39,750		39,750
Other Investments	60,508		60,508
Other Property and Investments	100,258	-	100,258
Current Assets:			
Cash and Temporary Cash Investments	14,157	34,475 (a)	48,632
Receivables- Customer and Other	344,840		344,840
Receivables- Affiliated Companies	497		497
Inventories (at average cost):			
Fuel	85,709		85,709
Materials and Supplies	98,227		98,227
Emission Allowances	24,265		24,265
Prepayments	64,104		64,104
Deferred Income Taxes	4,904		4,904
Other	40,455		40,455
Total Current Assets	677,158	34,475	711,633
Deferred Debits and Other Assets:			
Due from Parent- Pension Asset, net	241,002	-	241,002
Regulatory Assets	675,109		675,109
Other	99,154	525 (a)	99,679
Total Deferred Debits and Other Assets	1,015,265	525	1,015,790
Total Assets	\$ 7,859,065	\$ 35,000	\$ 7,894,065

South Carolina Electric & Gas Company
Pro Forma Consolidated Balance Sheet
June 30, 2008 (Unaudited)
(Dollars in thousands)

	Actual June 30, 2008	Adjustments	As Adjusted June 30, 2008
<u>Capitalization and Liabilities:</u>			
Common Equity:			
Common Stock (\$4.50 Par Value)	\$ 181,333		\$ 181,333
Premium on Common Stock and Other Paid in Capital	1,252,437		1,252,437
Capital Stock Expense (Debit)	(5,507)		(5,507)
Retained Earnings	1,240,522		1,240,522
Total Common Equity	2,668,785	-	2,668,785
Preferred Stock (Not Subject to Purchase or Sinking Funds)	106,261		106,261
Total Shareholders' Investment	2,775,046	-	2,775,046
Preferred Stock (Subject to Purchase or Sinking Funds)	7,119		7,119
Long-Term Debt, Net	2,076,802	35,000 (a)	2,111,802
Total Capitalization	4,858,967	35,000	4,893,967
Minority Interest	1,025		1,025
<u>Current Liabilities:</u>			
Short-term Borrowings	229,942		229,942
Current Portion of Long-Term Debt	136,369		136,369
Accounts Payable	142,481		142,481
Accounts Payable- Affiliated Companies	207,623		207,623
Customer Deposits	42,285		42,285
Taxes Accrued	77,303		77,303
Interest Accrued	41,708		41,708
Dividends Declared	41,723		41,723
Other	32,739		32,739
Total Current Liabilities	952,173	-	952,173
<u>Deferred Credits and Other Liabilities:</u>			
Deferred Income Taxes, net	807,481		807,481
Deferred Investment Tax Credits	98,449		98,449
Asset Retirement Obligations and Related Funding	286,932		286,932
Due to Affiliates- Pension and Benefits	185,852		185,852
Regulatory Liabilities	632,695		632,695
Other	35,491		35,491
Total Deferred Credits and Other Liabilities	2,046,900	-	2,046,900
<u>Total Capitalization and Liabilities</u>	\$ 7,859,065	\$ 35,000	\$ 7,894,065

South Carolina Electric & Gas Company
Pro Forma Consolidated Income Statement
For the Twelve Months Ended June 30, 2008 (Unaudited)
(Dollars in thousands)

	Actual June 30, 2008	Adjustments	As Adjusted June 30, 2008
Operating Revenues:			
Electric	\$ 2,114,922		\$ 2,114,922
Gas	548,359		548,359
Total Operating Revenues	2,663,281		2,663,281
<u>Operating Expenses</u>			
Fuel Used in Electric Generation	652,454		652,454
Purchased Power	189,850		189,850
Gas Purchased for Resale	411,591		411,591
Other Operation and maintenance	472,937		472,937
Depreciation and Amortization	247,584		247,584
Other Taxes	148,570		148,570
Total Operating Expenses	2,122,986		2,122,986
<u>Operating Income</u>	540,295		540,295
<u>Other income (expense)</u>			
Other Revenues	27,955		27,955
Other Expenses	(10,135)		(10,135)
Gain on Sale of Assets	4,401		4,401
Allowance for Equity Funds Used During Construction	2,906		2,906
Interest Charges, Net of AFUDC	(131,946)	(2,450) (b)	(134,409)
		(13) (c)	
Total Other Income (Expense)	(106,819)	(2,463)	(109,282)
Income Before Income Taxes and Losses from Equity Method Investments	433,476	(2,463)	431,013
Income Tax Expense	151,090	(937) (b)	150,148
		(5) (c)	
Income Before Earnings from Equity Method Investments	282,386	(942)	280,865
Losses from Equity Method Investments	(9,341)		(9,341)
Net Income	273,045	(1,521)	271,524
Preferred Stock Cash Dividends	7,246	-	7,246
Earnings Available for Common Shareholder	\$ 265,799	\$ (1,521)	\$ 264,278

South Carolina Electric & Gas Company
Pro Forma Statement of Capitalization
June 30, 2008 (unaudited)
(Dollars in thousands)

	Actual			As Adjusted	
	June 30, 2008	%	Adjustments	June 30, 2008	%
Long-term Debt, net	\$ 2,212,612	44.29%	\$ 35,000	\$ 2,247,612	44.68%
Preferred Stock, net	113,938	2.28%		\$ 113,938	2.27%
Common Stock Equity	2,668,785	53.43%		2,668,785	53.05%
	<u>\$ 4,995,335</u>	<u>100.00%</u>	<u>\$ 35,000</u>	<u>\$ 5,030,335</u>	<u>100.00%</u>

South Carolina Electric & Gas Company
Notes to Pro Forma Financial Statements
June 30, 2008 (Unaudited)

The pro forma effect of the Company's issuance of up to \$35 million in Industrial Revenue Bonds, as requested in this application, on the June 30, 2008 financial statements is as follows:

- (a) Represents the receipt of cash and increase in long-term debt of \$35 million as a result of the issuance of debt, net of issuance costs of approximately \$525,000.
- (b) Represents the interest expense and the related income tax effects resulting from the issuance of the \$35 million debt described in (a) at 7.00% interest, outstanding for 12 months. Calculations are as follows:

Interest expense on \$35 million industrial revenue bonds:

$$\text{\$35,000,000} \times 7.00\% = \underline{\underline{\text{\$ 2,450,000}}}$$

Income tax decrease:

$$\text{\$2,450,000} \times 38.25\% \text{ (composite rate)} = \underline{\underline{\text{\$ 937,125}}}$$

- (c) Represents the amortization over forty years of estimated debt issuance costs of \$525,000 and the related income tax effects.

Debt issuance costs

$$\text{\$525,000} / 40 \text{ years} = \underline{\underline{\text{\$ 13,125}}}$$

Income tax decrease

$$\text{\$13,125} \times 38.25\% = \underline{\underline{\text{\$ 5,020}}}$$

Exhibit E
Estimated Construction Expenditures

South Carolina Electric & Gas Company
Wateree Station
Summary of Project Costs

Building Cost (new construction) (includes landfill construction).....	\$ 14,000,000
Machinery & Equipment Cost.....	176,100,000
Cost of Installation of Machinery & Equipment	35,400,000
Architectural & Engineering Fees	4,100,000
Contingency	21,800,000
Other	600,000
TOTAL PROJECT COSTS.....	\$ 252,000,000

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

EXHIBIT F

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2008

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____



Commission File Number	Registrant, State of Incorporation, Address and Telephone Number	I.R.S. Employer Identification No.
1-8809	SCANA Corporation (a South Carolina corporation) 1426 Main Street, Columbia, South Carolina 29201 (803) 217-9000	57-0784499
1-3375	South Carolina Electric & Gas Company (a South Carolina corporation) 1426 Main Street, Columbia, South Carolina 29201 (803) 217-9000	57-0248695

Indicate by check mark whether the registrants: (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

SCANA Corporation Yes ☒ No ☐ South Carolina Electric & Gas Company Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

SCANA Corporation	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>
	Smaller reporting company <input type="checkbox"/>		
South Carolina Electric & Gas Company	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>
	Smaller reporting company <input type="checkbox"/>		

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

SCANA Corporation Yes ☐ No ☒ South Carolina Electric & Gas Company Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Registrant	Description of Common Stock	Shares Outstanding at July 31, 2008
SCANA Corporation	Without Par Value	116,981,276
South Carolina Electric & Gas Company	\$4.50 Par Value	40,296,147 (a)

(a) Owned beneficially and of record by SCANA Corporation.

This combined Form 10-Q is separately filed by SCANA Corporation and South Carolina Electric & Gas Company. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company makes no representation as to information relating to the other company.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Statements included in this Quarterly Report on Form 10-Q which are not statements of historical fact are intended to be, and are hereby identified as, "forward-looking statements" for purposes of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, but are not limited to, statements concerning key earnings drivers, customer growth, environmental regulations and expenditures, leverage ratio, projections for pension fund contributions, financing activities, access to sources of capital, impacts of the adoption of new accounting rules, estimated construction and other expenditures and factors affecting the availability of synthetic fuel tax credits. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "should," "expects," "plans," "anticipates," "believes," "estimates," "projects," "predicts," "potential" or "continue" or the negative of these terms or other similar terminology. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following:

- (1) the information is of a preliminary nature and may be subject to further and/or continuing review and adjustment;
- (2) regulatory actions, particularly changes in rate regulation and environmental regulations;
- (3) current and future litigation;
- (4) changes in the economy, especially in areas served by subsidiaries of SCANA Corporation (SCANA);
- (5) the impact of competition from other energy suppliers, including competition from alternate fuels in industrial interruptible markets;
- (6) growth opportunities for SCANA's regulated and diversified subsidiaries;
- (7) the results of financing efforts;
- (8) changes in SCANA's or its subsidiaries' accounting rules and accounting policies;
- (9) the effects of weather, including drought, especially in areas where the generation and transmission facilities of SCANA and its subsidiaries are located and in areas served by SCANA's subsidiaries;
- (10) payment by counterparties as and when due;
- (11) the results of efforts to license, site and construct facilities for baseload electric generation;
- (12) the availability of fuels such as coal, natural gas and enriched uranium used to produce electricity; the availability of purchased power and natural gas for distribution; the level and volatility of future market prices for such fuels and purchased power; and the ability to recover the costs for such fuels and purchased power;
- (13) performance of SCANA's pension plan assets;
- (14) inflation;
- (15) compliance with regulations; and
- (16) the other risks and uncertainties described from time to time in the periodic reports filed by SCANA or South Carolina Electric & Gas Company (SCE&G) with the United States Securities and Exchange Commission (SEC).

SCANA and SCE&G disclaim any obligation to update any forward-looking statements.

**SCANA CORPORATION
FINANCIAL SECTION**

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SCANA CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

Millions of dollars	June 30, 2008	December 31, 2007
Assets		
Utility Plant In Service	\$ 10,014	\$ 9,807
Accumulated Depreciation and Amortization	(3,067)	(2,981)
Construction Work in Progress	597	400
Nuclear Fuel, Net of Accumulated Amortization	81	82
Acquisition Adjustments	230	230
Utility Plant, Net	7,855	7,538
Nonutility Property and Investments:		
Nonutility property, net of accumulated depreciation of \$86 and \$77	154	131
Assets held in trust, net-nuclear decommissioning	60	62
Other investments	80	82
Nonutility Property and Investments, Net	294	275
Current Assets:		
Cash and cash equivalents	150	134
Receivables, net of allowance for uncollectible accounts of \$14 and \$16	591	641
Receivables - affiliated companies	-	29
Inventories (at average cost):		
Fuel and gas supply	220	286
Materials and supplies	108	107
Emission allowances	24	33
Prepayments and other	177	62
Deferred income taxes	-	9
Total Current Assets	1,270	1,301
Deferred Debits and Other Assets:		
Pension asset, net	236	224
Regulatory assets	749	712
Other	114	115
Total Deferred Debits and Other Assets	1,099	1,051
Total	\$ 10,518	\$ 10,165

Millions of dollars	June 30, 2008	December 31, 2007
Capitalization and Liabilities		
Shareholders' Investment:		
Common equity	\$ 3,035	\$ 2,960
Preferred stock (Not subject to purchase or sinking funds)	106	106
Total Shareholders' Investment	3,141	3,066
Preferred Stock, net (Subject to purchase or sinking funds)	7	7
Long-Term Debt, net	3,428	2,879
Total Capitalization	6,576	5,952
Current Liabilities:		
Short-term borrowings	328	627
Current portion of long-term debt	259	233
Accounts payable	414	401
Accounts payable - affiliated companies	-	27
Customer deposits and customer prepayments	77	85
Taxes accrued	70	156
Interest accrued	65	51
Dividends declared	56	53
Other	62	88
Total Current Liabilities	1,331	1,721
Deferred Credits and Other Liabilities:		
Deferred income taxes, net	983	944
Deferred investment tax credits	104	104
Asset retirement obligations	316	307
Postretirement benefits	188	185
Regulatory liabilities	896	830
Other	124	122
Total Deferred Credits and Other Liabilities	2,611	2,492
Commitments and Contingencies (Note 5)	-	-
Total	\$ 10,518	\$ 10,165

See Notes to Condensed Consolidated Financial Statements.

SCANA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

Millions of dollars, except per share amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Operating Revenues:				
Electric	\$ 576	\$ 470	\$ 1,064	\$ 913
Gas - regulated	210	191	692	627
Gas - nonregulated	432	346	996	830
Total Operating Revenues	1,218	1,007	2,752	2,370
Operating Expenses:				
Fuel used in electric generation	227	153	404	309
Purchased power	16	7	21	18
Gas purchased for resale	555	447	1,393	1,174
Other operation and maintenance	167	160	344	334
Depreciation and amortization	79	86	159	177
Other taxes	43	38	87	79
Total Operating Expenses	1,087	891	2,408	2,091
Operating Income	131	116	344	279
Other Income (Expense):				
Other income	17	18	37	48
Other expenses	(10)	(8)	(20)	(26)
Interest charges, net of allowance for borrowed funds used during construction of \$4, \$3, \$7 and \$5	(54)	(51)	(107)	(103)
Preferred dividends of subsidiary	(2)	(2)	(4)	(4)
Allowance for equity funds used during construction	2	1	4	1
Total Other Expense	(47)	(42)	(90)	(84)
Income Before Income Tax Expense and Earnings (Losses) from Equity Method Investments	84	74	254	195
Income Tax Expense	29	17	91	48
Income Before Earnings (Losses) from Equity Method Investments	55	57	163	147
Earnings (Losses) from Equity Method Investments	2	(2)	3	(7)
Net Income	\$ 57	\$ 55	\$ 166	\$ 140
Basic and Diluted Earnings Per Share of Common Stock	\$.48	\$.47	\$ 1.42	\$ 1.20
Weighted Average Shares Outstanding (millions)	116.7	116.7	116.7	116.7

See Notes to Condensed Consolidated Financial Statements.

SCANA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Millions of dollars	Six Months Ended June 30,	
	2008	2007
Cash Flows From Operating Activities:		
Net income	\$ 166	\$ 140
Adjustments to reconcile net income to net cash provided from operating activities:		
Excess losses from equity method investments, net of distributions	-	10
Depreciation and amortization	159	182
Amortization of nuclear fuel	5	9
Allowance for equity funds used during construction	(4)	-
Carrying cost recovery	(3)	(1)
Cash provided (used) by changes in certain assets and liabilities:		
Receivables, net	78	158
Inventories	45	10
Prepayments and other	(102)	8
Pension asset	(8)	(12)
Other regulatory assets	35	22
Deferred income taxes, net	48	4
Regulatory liabilities	47	10
Postretirement benefits	3	3
Accounts payable	17	(112)
Taxes accrued	(86)	(32)
Interest accrued	14	-
Changes in fuel adjustment clauses	(62)	(13)
Changes in other assets	(8)	14
Changes in other liabilities	(17)	(46)
Net Cash Provided From Operating Activities	327	354
Cash Flows From Investing Activities:		
Utility property additions and construction expenditures	(438)	(312)
Proceeds from sale of assets	1	1
Nonutility property additions	(23)	(31)
Investments	2	(10)
Net Cash Used For Investing Activities	(458)	(352)
Cash Flows From Financing Activities:		
Proceeds from issuance of debt	665	-
Repayment of debt	(110)	(31)
Redemption/repurchase of equity securities	-	(4)
Dividends	(109)	(100)
Short-term borrowings, net	(299)	22
Net Cash Provided From (Used For) Financing Activities	147	(113)
Net Increase (Decrease) In Cash and Cash Equivalents	16	(111)
Cash and Cash Equivalents, January 1	134	201
Cash and Cash Equivalents, June 30	\$ 150	\$ 90
Supplemental Cash Flow Information:		
Cash paid for - Interest (net of capitalized interest of \$7 and \$5)	\$ 90	\$ 104
- Income taxes	107	26
Noncash Investing and Financing Activities:		
Accrued construction expenditures	51	34

See Notes to Condensed Consolidated Financial Statements.

SCANA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

Millions of dollars	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net Income	\$ 57	\$ 55	\$ 166	\$ 140
Other Comprehensive Income, net of tax:				
Gains (losses) on hedging activities:				
Unrealized holding gains (losses) arising during period, net	14	(6)	20	1
Realized loss on derivatives designated as cash flow hedges	-		(3)	
Reclassification adjustment for (gains) losses included in net income	(4)	-	(1)	11
Total Comprehensive Income (1)	\$ 67	\$ 49	\$ 182	\$ 152

(1) Accumulated other comprehensive loss totaled \$6.5 million as of June 30, 2008 and \$22.3 million as of December 31, 2007.

See Notes to Condensed Consolidated Financial Statements.

SCANA CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2008
(Unaudited)

The following notes should be read in conjunction with the Notes to Consolidated Financial Statements appearing in SCANA Corporation's (SCANA and, together with its consolidated subsidiaries, the Company) Annual Report on Form 10-K for the year ended December 31, 2007. These are interim financial statements, and due to the seasonality of the Company's business and matters that may occur during the rest of the year, the amounts reported in the Condensed Consolidated Statements of Income are not necessarily indicative of amounts expected for the full year. In the opinion of management, the information furnished herein reflects all adjustments, all of a normal recurring nature, which are necessary for a fair statement of the results for the interim periods reported.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Company accounts for its regulated utility operations, assets and liabilities in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) 71, "Accounting for the Effects of Certain Types of Regulation." SFAS 71 requires cost-based, rate-regulated utilities to recognize in their financial statements certain revenues and expenses in different time periods than do enterprises that are not rate-regulated. As a result, the Company has recorded regulatory assets and regulatory liabilities, summarized as follows.

Millions of dollars	June 30, 2008	December 31, 2007
Regulatory Assets:		
Accumulated deferred income taxes	\$ 161	\$ 161
Under-collections – electric fuel and gas cost adjustment clauses	71	45
Environmental remediation costs	28	26
Asset retirement obligations and related funding	284	274
Franchise agreements	50	52
Deferred employee benefit plan costs	116	120
Other	39	34
Total Regulatory Assets	\$ 749	\$ 712
Regulatory Liabilities:		
Accumulated deferred income taxes	\$ 33	\$ 35
Over-collections – electric fuel and gas cost adjustment clauses	74	19
Other asset removal costs	668	643
Storm damage reserve	51	49
Planned major maintenance	3	15
Monetization of bankruptcy claim	44	45
Other	23	24
Total Regulatory Liabilities	\$ 896	\$ 830

Accumulated deferred income tax liabilities arising from utility operations that have not been included in customer rates are recorded as a regulatory asset. Accumulated deferred income tax assets arising from deferred investment tax credits are recorded as a regulatory liability.

Under- and over-collections - electric fuel and gas cost adjustment clauses, net, represent amounts under- or over-collected from customers pursuant to the fuel adjustment clause (electric customers) or gas cost adjustment clause (gas customers) as approved by the Public Service Commission of South Carolina (SCPSC) or North Carolina Utilities Commission (NCUC) during annual hearings. In addition to fuel and purchased gas, included in these amounts are regulatory assets or liabilities arising from realized and unrealized gains and losses incurred in the natural gas hedging programs of the Company's regulated operations. In addition, the cost of emission allowances and certain reagents used to treat fuel emissions are included.

Environmental remediation costs represent costs associated with the assessment and clean-up of manufactured gas plant (MGP) sites currently or formerly owned by the Company. Costs incurred at sites owned by SCE&G are being recovered through rates, of which \$19.5 million remain to be recovered. SCE&G is authorized to amortize \$1.4 million of these costs annually. At sites owned by Public Service Company of North Carolina, Incorporated (PSNC Energy), costs incurred prior to June 30, 2006, of which \$1.6 million remain, are being recovered through rates over a period ending October 2009. In addition, management believes that costs incurred subsequent to June 30, 2006, which total \$2.3 million, net of insurance recoveries, and estimated remaining costs of \$4.5 million will be recoverable through rates.

Asset retirement obligations (ARO) and related funding represents the regulatory asset associated with the legal obligation to decommission and dismantle V. C. Summer Nuclear Station (Summer Station) and conditional AROs recorded as required by SFAS 143, *"Accounting for Asset Retirement Obligations,"* and Financial Accounting Standards Board Interpretation (FIN) 47, *"Accounting for Conditional Asset Retirement Obligations."*

Franchise agreements represent costs associated with electric and gas franchise agreements with the cities of Charleston and Columbia, South Carolina. Based on an SCPSC order, SCE&G began amortizing these amounts through cost of service rates in February 2003 over approximately 20 years.

Deferred employee benefit plan costs represent amounts of pension and other postretirement benefit costs which were accrued as liabilities under provisions of SFAS 158, *"Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans,"* but which are expected to be recovered through utility rates.

Other asset removal costs represent net collections through depreciation rates of estimated costs to be incurred for the removal of assets in the future.

The storm damage reserve represents an SCPSC-approved collection through SCE&G electric rates, capped at \$100 million, which can be applied to offset incremental storm damage costs in excess of \$2.5 million in a calendar year and certain transmission and distribution insurance premiums. During the six months ended June 30, 2008, \$1.4 million was drawn from the reserve. No amounts were drawn from this reserve for the six months ended June 30, 2007.

Planned major maintenance related to certain fossil hydro turbine/generation equipment and nuclear refueling outages is accrued in advance of the time the costs are incurred, as approved through specific SCPSC orders. SCE&G is allowed to collect \$8.5 million annually over an eight-year period, beginning in January 2005, through electric rates to offset turbine maintenance expenditures. Nuclear refueling charges are accrued during each 18-month refueling outage cycle as a component of cost of service.

The monetization of bankruptcy claim represents proceeds from the sale of a bankruptcy claim which will be amortized into operating revenue through the year 2024.

The SCPSC or the NCUC (collectively, state commissions) or FERC have reviewed and approved through specific orders most of the items shown as regulatory assets. Other regulatory assets represent costs which have not been approved for recovery by a state commission or by FERC. In recording these costs as regulatory assets, management believes the costs will be allowable under existing rate-making concepts that are embodied in rate orders received by the Company. However, ultimate recovery is subject to regulatory approval. In the future, as a result of deregulation or other changes in the regulatory environment, the Company may no longer meet the criteria for continued application of SFAS 71 and could be required to write off its regulatory assets and liabilities. Such an event could have a material adverse effect on the Company's results of operations, liquidity or financial position in the period the write-off would be recorded.

B. Earnings Per Share

In accordance with SFAS 128, "Earnings Per Share," the Company computes basic earnings per share by dividing net income by the weighted average number of common shares outstanding for the period. The Company computes diluted earnings per share using this same formula, after giving effect to securities considered to be dilutive potential common stock. The Company uses the treasury stock method in determining total dilutive potential common stock. The Company has issued no securities that would have an antidilutive effect on earnings per share.

C. Affiliated Transactions

SCE&G holds equity-method investments in two partnerships that were involved in converting coal to synthetic fuel. SCE&G's receivables from and payables to these affiliated companies were each less than \$0.1 million at June 30, 2008. At December 31, 2007, these amounts were \$28.8 million (receivables) and \$26.9 million (payables). SCE&G did not purchase synthetic fuel from these affiliated companies for the six months ended June 30, 2008, and made \$140.5 million of such purchases during the corresponding period in 2007. SCE&G's investment in the two partnerships is expected to be liquidated in 2008 as a result of the expiration of the synthetic fuel tax credit program at the end of 2007.

SCE&G purchases shaft horsepower from a cogeneration facility. The facility is owned by a limited liability company (LLC) in which SCANA holds an equity method investment. SCE&G's payables to the LLC were \$2.1 million at June 30, 2008 and December 31, 2007. SCE&G purchased \$6.9 million and \$14.7 million of shaft horsepower from the LLC for the three and six months ended June 30, 2008, respectively, and purchased \$6.1 million and \$13.4 million of shaft horsepower from the LLC for the three and six months ended June 30, 2007, respectively.

D. Pension and Other Postretirement Benefit Plans

Components of net periodic benefit income or cost recorded by the Company were as follows:

Millions of dollars	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
<i>Three months ended June 30,</i>				
Service cost	\$ 3.9	\$ 3.5	\$ 1.1	\$ 1.2
Interest cost	10.9	10.4	3.1	3.0
Expected return on assets	(20.5)	(20.1)	-	-
Prior service cost amortization	1.8	1.7	0.3	0.3
Transition obligation amortization	-	-	0.2	0.2
Amortization of actuarial loss	-	-	-	0.3
Net periodic benefit (income) cost	\$ (3.9)	\$ (4.5)	\$ 4.7	\$ 5.0

Millions of dollars	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
<i>Six months ended June 30,</i>				
Service cost	\$ 7.8	\$ 7.0	\$ 2.2	\$ 2.4
Interest cost	21.8	20.7	6.1	6.0
Expected return on assets	(40.9)	(40.2)	-	-
Prior service cost amortization	3.5	3.4	0.6	0.6
Transition obligation amortization	-	-	0.4	0.4
Amortization of actuarial loss	-	-	-	0.6
Net periodic benefit (income) cost	\$ (7.8)	\$ (9.1)	\$ 9.3	\$ 10.0

E. New Accounting Matters

SFAS 161, "Disclosure about Derivative Instruments and Hedging Activities," was issued in March 2008. SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities to include how derivative instruments are accounted for and the effect of such activities on the entity's financial statements. SFAS 161 is effective for fiscal years beginning after November 15, 2008. The Company has not determined what impact, if any, the adoption will have on the Company's results of operations, cash flows or financial position. The Company believes it will likely be required to provide additional disclosures as a part of future financial statements.

SFAS 160, "Noncontrolling Interests in Consolidated Financial Statements," was issued in December 2007. SFAS 160 requires entities to report noncontrolling (minority) interests in subsidiaries as equity. SFAS 160 is effective for fiscal years beginning after December 15, 2008. The Company has not determined what impact, if any, that adoption will have on the Company's results of operations, cash flows or financial position.

SFAS 141(R), "Business Combinations," was issued in December 2007. SFAS 141(R) requires the acquiring entity in a business combination to recognize the assets acquired and the liabilities assumed at their fair values at the acquisition date. SFAS 141(R) also requires the acquirer to disclose all of the information needed to evaluate and understand the nature and financial effect of the business combination. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008. The Company has not determined what impact, if any, that adoption will have on the Company's results of operations, cash flows or financial position.

SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities," was issued in February 2007. SFAS 159 allows entities to measure at fair value many financial instruments and certain other assets and liabilities that are not otherwise required to be measured at fair value. SFAS 159 became effective for fiscal years beginning after November 15, 2007. The Company has not elected to measure at fair value any permitted items that are not otherwise required to be measured at fair value. As a result, SFAS 159 has not had an impact on the Company's results of operations, cash flows or financial position.

The Company adopted SFAS 157, "Fair Value Measurements," in the first quarter of 2008 for financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). As permitted by FASB Staff Position 157-2 (FSP FAS 157-2), the Company will adopt SFAS 157 for all other nonfinancial assets and liabilities in the first quarter of 2009. SFAS 157 establishes a framework for measuring the fair value of assets and liabilities recognized in the financial statements in periods subsequent to initial recognition. The initial adoption of SFAS 157 did not impact the Company's results of operations, cash flows or financial position.

The Company relies on market transactions to determine the fair value of available for sale securities and derivative instruments. At June 30, 2008, fair value measurements, and the level within the fair value hierarchy of SFAS 157 in which the measurements fall, were as follows:

Millions of dollars	Fair Value Measurements at June 30, 2008 Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Available for sale securities	\$3	-	-
Derivative instruments	81	\$1	-
Liabilities:			
Derivative instruments	73	8	-

F. Income and Other Taxes

In June 2008, the Company received an unfavorable decision in its litigation of a state tax issue, which denied the Company a refund of state income tax. Although the decision was rendered by the court of last resort, the Company has asked for the court to rehear the case. It is reasonably possible that the case could be reheard and if reheard, a favorable decision could be rendered within twelve months. In 2007, the Company removed \$15 million of previously recorded tax benefit from its balance sheet related to this item, in connection with the initial adoption of FIN 48, "Accounting for Uncertainty in Income Taxes". As a result, the unfavorable decision has had no impact on the Company's results of operations, cash flows or financial position. If the rehearing is decided in favor of the Company, any change to the unrecognized tax benefit will be within a range of \$0 to \$15 million. The impact on any individual year's effective tax rate would be immaterial, because any tax benefit recorded would be amortized into earnings over a number of years under SFAS 71. No other material changes in the status of the Company's tax positions have occurred through June 30, 2008.

2. RATE AND OTHER REGULATORY MATTERS

SCE&G

Electric

On May 30, 2008, SCE&G filed a combined application with the SCPSC and the South Carolina Office of Regulatory Staff (ORS) pursuant to the Base Load Review Act (the BLRA), seeking a certificate of environmental compatibility and public convenience and necessity and for a base load review order, relating to proposed construction by SCE&G and South Carolina Public Service Authority (Santee Cooper) to build and operate two new nuclear generating units at the existing V. C. Summer Nuclear Station site. Based on the application, the SCPSC will review and rule on the prudence of SCE&G's decision to build nuclear generation. The SCPSC is required to issue an order on the application by February 2009. If SCE&G's decision is found to be prudent, that finding will be binding on all future revised rate proceedings or general rate proceedings so long as the construction proceeds in accordance with the schedules, estimates and projections, including contingencies set forth in the approved application. In addition, beginning with the initial proceeding, SCE&G will be allowed to file revised rates with the SCPSC each year to incorporate any nuclear construction work in progress incurred. Requested rate adjustments would be based on SCE&G's updated cost of debt and capital structure. The rate design will be based on the rates approved in SCE&G's December 2007 electric rate order described below.

On March 31, 2008 SCE&G and Santee Cooper, filed an application with the Nuclear Regulatory Commission (NRC) for a combined construction and operating license (COL). The COL, if approved, would authorize SCE&G and Santee Cooper to build and operate the nuclear generating units referred to above. The NRC's review process is expected to last approximately three to four years. Upon approval from the SCPSC discussed above, construction could begin shortly thereafter, with a projected in-service date of 2016 for the first unit.

In a December 2007 order the SCPSC granted SCE&G an increase in retail electric revenues of approximately \$76.9 million, or 4.4%, based on a test year calculation. The order granted an allowed return on common equity of 11%. The new rates became effective January 1, 2008.

In the December 2007 order, the SCPSC also extended through 2015 its approval of the accelerated capital recovery plan for SCE&G's Cope Generating Station. Under the plan, in the event that SCE&G would otherwise earn in excess of its maximum allowed return on common equity, SCE&G may increase depreciation of its Cope Generating Station up to \$36 million annually without additional approval of the SCPSC. Any unused portion of the \$36 million in any given year may be carried forward for possible use in the immediately following year. No such additional depreciation has been recognized.

In October 2007 the SCPSC approved SCE&G's request to increase the storm damage reserve cap from \$50 million to \$100 million. In addition, the SCPSC approved SCE&G's request to apply certain transmission and distribution insurance premiums against the reserve until SCE&G files its next retail electric rate case.

In May 2007, South Carolina law was changed to revise the statutory definition of fuel costs to include certain variable environmental costs such as ammonia, lime, limestone and catalysts consumed in reducing or treating emissions. The revised definition also includes the cost of emission allowances used for sulfur dioxide, nitrogen oxide, and mercury and particulates.

SCE&G's rates are established using a cost of fuel component approved by the SCPSC which may be modified periodically to reflect changes in the price of fuel purchased by SCE&G.

Gas

On June 13, 2008 SCE&G filed an application with the SCPSC requesting an increase in retail natural gas rates of 0.87% under the terms of the Natural Gas Rate Stabilization Act (Stabilization Act). The Stabilization Act is designed to reduce the volatility of cost charged to customers by allowing for more time recovery of the cost that regulate utilities incur related to natural gas service infrastructure. The SCPSC is expected to review SCE&G's filing in October 2008. If approved, the rate adjustment would be implemented with the first billing cycle in November 2008.

In October 2007 the SCPSC approved an increase in retail natural gas rates of 0.9% under the terms of the Stabilization Act. The rate adjustment was effective with the first billing cycle in November 2007.

SCE&G's tariffs include a purchase gas adjustment (PGA) clause that provides for the recovery of actual gas costs incurred including costs related to hedging natural gas purchasing activities. SCE&G's rates are calculated using a methodology which adjusts the cost of gas monthly based on a twelve-month rolling average.

PSNC Energy

PSNC Energy's rates are established using a benchmark cost of gas approved by the NCUC, which may be modified periodically to reflect changes in the market price of natural gas. PSNC Energy revises its tariffs with the NCUC as necessary to track these changes and accounts for any over- or under-collections of the delivered cost of gas in its deferred accounts for subsequent rate consideration. The NCUC reviews PSNC Energy's gas purchasing practices annually.

On March 31, 2008 PSNC Energy filed a general rate case application with the NCUC requesting a 2.97%, or \$20.4 million, increase in its base rates. The rate increase is largely associated with recovering costs related to expanding and operating its pipeline system. In its application, PSNC Energy is also requesting to implement a customer usage tracker (CUT), a rate decoupling mechanism that breaks the link between revenues and the amount of natural gas sold. If approved, the CUT would allow PSNC Energy to periodically adjust its base rates for residential and commercial customers based on customer consumption. Finally, PSNC Energy is proposing several conservation initiatives and requesting recovery of the associated costs. A hearing on the application has been scheduled for the week of August 25, 2008.

In May 2007 the NCUC approved PSNC Energy's request to eliminate the use of its dual residential customer rate structure and replace it with a single residential rate. The NCUC also ordered that PSNC Energy establish a new residential rate structure by November 1, 2007. In October 2007 the NCUC approved PSNC Energy's request to implement a residential service rate which has a winter/summer differential of 6 cents per therm effective November 1, 2007. The higher winter rate will help recover costs associated with operating the system pipeline during high customer demand. These changes in the rate structure had no impact on 2007 earnings.

3. LONG-TERM DEBT

In June 2007 SCANA entered into an agreement to issue and sell Floating Rate Senior Notes due June 1, 2034, in an aggregate principal amount of between \$90 million and \$110 million. In December 2007 SCANA issued \$40 million of the Floating Rate Senior Notes. The remainder of the Notes are to be issued in December 2008 and June 2009.

On January 14, 2008 SCE&G issued \$250 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. Proceeds from the sale of these bonds were used to repay short-term debt primarily incurred as a result of SCE&G's construction program and for general corporate purposes. Concurrent with this issuance, SCE&G terminated several 30-year forward-starting swaps having an aggregate notional amount of \$250 million. The resulting loss of approximately \$14.0 million on the settlement of these swaps will be amortized over the life of the bonds.

On March 12, 2008 SCANA issued \$250 million of Medium Term Notes bearing an annual interest rate of 6.25% and maturing on April 1, 2020. Proceeds from the sale of these notes were or will be used to repay short-term debt incurred to pay at maturity on March 1, 2008 \$100 million of floating rate Medium Term Notes, to pay at maturity \$115 million of Medium Term Notes, due October 23, 2008, to repay other short-term debt and for general corporate purposes. Concurrent with this issuance, SCANA terminated a treasury lock having a notional amount of \$250 million. The resulting loss on the treasury lock of approximately \$3.1 million will be amortized over the life of the Medium Term Notes.

On May 30, 2008 South Carolina Generating Company, Inc. (GENCO) issued \$80 million in notes bearing an annual interest rate of 6.06% and maturing on June 1, 2018. Proceeds from the sale of the notes were used to repay short-term debt primarily incurred as a result of GENCO's construction program. An additional \$80 million is expected to be issued in October 2008 with similar terms.

On June 24, 2008, SCE&G issued \$110 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. Proceeds from the sale of these bonds were used to repay short term debt and for general corporate purposes. Concurrent with this issuance, SCE&G terminated a treasury lock having a notional amount of \$110 million. The resulting gain of approximately \$0.5 million will be amortized over the life of the bonds.

Substantially all of SCE&G's and GENCO's electric utility plant is pledged as collateral in connection with long-term debt. The Company is in compliance with all debt covenants.

4. FINANCIAL INSTRUMENTS

The Company utilizes various financial derivatives, including those designated as cash flow hedges related to natural gas. The Company also utilizes swap agreements to manage interest rate risk. These transactions are more fully described in Note 9 to the consolidated financial statements in SCANA's Annual Report on Form 10-K for the year ended December 31, 2007.

At June 30, 2008 the Company's fair value interest rate swap totaled \$0.4 million (gain) related to a notional amount of \$12.8 million. At June 30, 2008 the Company's cash flow interest rate swap totaled \$7.6 million (loss) related to a notional amount of \$40 million.

The Company's regulated gas operations (SCE&G and PSNC Energy) hedge natural gas purchasing activities using over-the-counter options and swaps and New York Mercantile Exchange (NYMEX) futures and options. SCE&G's tariffs include a purchased gas adjustment (PGA) clause that provides for the recovery of actual gas costs incurred. The SCPSC has ruled that the results of these hedging activities are to be included in the PGA. As such, the cost of related derivatives utilized to hedge gas purchasing activities are recoverable through the weighted average cost of gas calculation. The offset to the change in fair value of these derivatives is recorded as a regulatory asset or liability. PSNC Energy's tariffs also include a provision for the recovery of actual gas costs incurred. PSNC Energy records premiums, transaction fees, margin requirements and any realized and unrealized gains or losses from its hedging program in deferred accounts as a regulatory asset or liability for the over- or under-recovery of gas costs.

The Company's nonregulated gas operations recognize gains and losses as a result of qualifying cash flow hedges whose hedged transactions occur during the reporting period and record them in cost of gas. The effects of gains or losses resulting from these hedging activities are either offset by the recording of the related hedged transactions or are included in gas sales pricing decisions made by the business unit. The Company estimates that most of the June 30, 2008 unrealized gain balance of \$12.7 million, net of taxes, will be reclassified from accumulated other comprehensive income (loss) to earnings within the next twelve months as a decrease to gas cost if market prices remain at current levels. As of June 30, 2008, all of the Company's cash flow hedges settle by their terms before the end of 2010.

PSNC Energy utilizes asset management and supply service agreements with counterparties for certain of its natural gas storage facilities. At June 30, 2008, such counterparties held 51% of PSNC Energy's natural gas inventory, with a carrying value of \$38.6 million, through either capacity release or agency relationships. Under the terms of the asset management agreements, PSNC Energy receives storage asset management fees and, in certain instances, a share of profits. No fees are received under supply service agreements. The agreements expire at various times through March 31, 2009.

5. COMMITMENTS AND CONTINGENCIES

Reference is made to Note 10 to the consolidated financial statements appearing in SCANA's Annual Report on Form 10-K for the year ended December 31, 2007. Commitments and contingencies at June 30, 2008 include the following:

A. Nuclear Insurance

The Price-Anderson Indemnification Act deals with public liability for a nuclear incident and establishes the liability limit for third-party claims associated with any nuclear incident at \$10.8 billion. Each reactor licensee is currently liable for up to \$100.6 million per reactor owned for each nuclear incident occurring at any reactor in the United States, provided that not more than \$15 million of the liability per reactor would be assessed per year. SCE&G's maximum assessment, based on its two-thirds ownership of Summer Station, would be \$67.1 million per incident, but not more than \$10 million per year.

SCE&G currently maintains policies (for itself and on behalf of Santee Cooper, the one-third owner of Summer Station) with Nuclear Electric Insurance Limited. The policies, covering the nuclear facility for property damage, excess property damage and outage costs, permit retrospective assessments under certain conditions to cover insurer's losses. Based on the current annual premium, SCE&G's portion of the retrospective premium assessment would not exceed \$14.1 million.

To the extent that insurable claims for property damage, decontamination, repair and replacement and other costs and expenses arising from a nuclear incident at Summer Station exceed the policy limits of insurance, or to the extent such insurance becomes unavailable in the future, and to the extent that SCE&G's rates would not recover the cost of any purchased replacement power, SCE&G will retain the risk of loss as a self-insurer. SCE&G has no reason to anticipate a serious nuclear incident at Summer Station. However, if such an incident were to occur, it would have a material adverse impact on the Company's results of operation cash flows and financial position.

B. Environmental

SCE&G

The United States Environmental Protection Agency (EPA) issued a final rule in 2005 known as the Clean Air Interstate Rule (CAIR). CAIR requires the District of Columbia and 28 states, including South Carolina, to reduce nitrogen oxide and sulfur dioxide emissions in order to attain mandated state levels. CAIR had set emission limits to be met in two phases beginning in 2006 and 2015, respectively, for nitrogen oxide and beginning in 2010 and 2015, respectively, for sulfur dioxide. Numerous states, environmental organizations, industry groups and individual companies challenged the rule, seeking a change in the method CAIR used to allocate sulfur dioxide emission allowances. On July 11, 2008, the United States Court of Appeals for the District of Columbia Circuit vacated the rule in its entirety and remanded it to the EPA for further rulemaking. Prior to the Court of Appeals decision, SCE&G and GENCO had determined that additional air quality controls would be needed to meet the CAIR requirements, including the installation of selective catalytic reactor (SCR) technology at Cope Station for nitrogen oxide reduction and wet limestone scrubbers at both Wateree and Williams Stations for sulfur dioxide reduction. SCE&G and GENCO have already begun to install this equipment, and expect to incur capital expenditures totaling approximately \$560 million through 2010. The Company cannot predict when the EPA will issue a revised rule or what impact the rule will have on SCE&G and GENCO. Any costs incurred to comply with this vacated rule or other rules issued by the EPA in the future are expected to be recoverable through rates.

The EPA issued a final rule referred to as the Clean Air Mercury Rule (CAMR) in 2005 establishing a mercury emission cap and trade program for coal-fired power plants that required limits to be met in two phases, in 2010 and 2018. Numerous parties challenged the rule. On February 8, 2008, the United States Circuit Court for the District of Columbia vacated the rule for electric utility steam generating units. The Company cannot predict the effect of this ruling on implementation of CAMR state implementation plans (SIP) and newly promulgated CAMR regulations by the states.

SCE&G has been named, along with 53 others, by the EPA as a potentially responsible party (PRP) at the Alternate Energy Resources, Inc. (AER) Superfund site located in Augusta, Georgia. The EPA placed the site on the National Priorities List in April 2006. AER conducted hazardous waste storage and treatment operations from 1975 to 2000, when the site was abandoned. While operational, AER processed fuels from waste oils, treated industrial coolants and oil/water emulsions, recycled solvents and blended hazardous waste fuels. During that time, SCE&G occasionally used AER for the processing of waste solvents, oily rags and oily wastewater. The EPA and the State of Georgia have documented that a release or releases have occurred at the site leading to contamination of groundwater, surface water and soils. The EPA and the State of Georgia have conducted a preliminary assessment and site inspection. The site has not been remediated nor has a clean-up cost been estimated. Although a basis for the allocation of clean-up costs among the PRPs is unclear, SCE&G does not believe that its involvement at this site would result in an allocation of costs that would have a material adverse impact on its results of operations, cash flows or financial condition. Any cost allocated to SCE&G arising from the remediation of this site, net of insurance recoveries, is expected to be recoverable through rates.

SCE&G has been named, along with 29 others, by the EPA as a PRP at the Carolina Transformer Superfund site located in Fayetteville, North Carolina. The Carolina Transformer Company (CTC) conducted an electrical transformer rebuilding and repair operation at the site from 1959 to 1986. During that time, SCE&G occasionally used CTC for the repair of existing transformers, purchase of new transformers and sale of used transformers. In 1984, the EPA initiated a remediation of PCB-contaminated soil and groundwater at the site. The EPA reports that it has spent \$36 million to date. In 2008, SCE&G, along with other parties, reached a settlement with the EPA and the U.S. Department of Justice on this matter. The settlement, which is subject to court approval, would result in an allocation of cost, net of insurance recoveries, to SCE&G that is not material, and such cost is expected to be recoverable through rates.

SCE&G is responsible for four decommissioned MGP sites in South Carolina which contain residues of by-product chemicals. These sites are in various stages of investigation, remediation and monitoring under work plans approved by the South Carolina Department of Health and Environmental Control. SCE&G anticipates that major remediation activities at these sites will continue until 2012 and will cost an additional \$14.0 million. In addition, the National Park Service of the Department of the Interior made an initial demand to SCE&G for payment of \$9.1 million for certain costs and damages relating to the MGP site in Charleston, South Carolina. SCE&G expects to recover any cost arising from the remediation of these four sites, net of insurance recoveries, through rates. At June 30, 2008, deferred amounts, net of amounts previously recovered through rates and insurance settlements, totaled \$19.5 million.

PSNC Energy

PSNC Energy is responsible for environmental clean-up at five sites in North Carolina on which MGP residuals are present or suspected. PSNC Energy's actual remediation costs for these sites will depend on a number of factors, such as actual site conditions, third-party claims and recoveries from other PRPs. PSNC Energy has recorded a liability and associated regulatory asset of \$4.5 million, which reflects its estimated remaining liability at June 30, 2008. PSNC Energy expects to recover through rates any costs, net of insurance recoveries, allocable to PSNC Energy arising from the remediation of these sites.

C. Claims and Litigation

In February 2008 the consumer affairs staff (the staff) of the Georgia Public Service Commission (GPSC) recommended that the GPSC open an investigation into whether SCANA Energy Marketing, Inc. (SCANA Energy) had overcharged certain of its customers. The staff asserted that SCANA Energy confused certain customers, charged certain customers in excess of the published price, and failed to give proper notice of an alleged change in methodology for computing variable rates. While SCANA Energy believed the staff's assertions were without merit, in June 2008 SCANA Energy entered into a settlement agreement with the GPSC, agreeing to pay \$1.25 million in the form of credits on certain customers' bills and as a contribution to low-income assistance programs.

On February 26, 2008, a purported class action was filed in U.S. District Court for the Northern District of Georgia, originally styled Weiskircher, et al. v. SCANA Energy Marketing, Inc., containing similar allegations to those alleged by the staff and seeking damages on behalf of a class of Georgia customers. On June 13, 2008 the court dismissed the suit with prejudice. The plaintiffs subsequently filed a motion for reconsideration, which has been denied. While the plaintiffs may appeal the court's decision, SCANA Energy believes the allegations are without merit and will vigorously defend itself. Although the Company cannot predict the final outcome, it believes that a resolution of this matter will not have a material adverse impact on its results of operations, cash flows or financial condition.

In May 2004, SCANA and SCE&G were served with a purported class action lawsuit styled as Douglas E. Gressette, individually and on behalf of other persons similarly situated v. South Carolina Electric & Gas Company and SCANA Corporation. The case was filed in South Carolina's Circuit Court of Common Pleas for the Ninth Judicial Circuit. The plaintiff alleges that SCANA and SCE&G made improper use of certain easements and rights-of-way by allowing fiber optic communication lines and/or wireless communication equipment to transmit communications other than SCANA's and SCE&G's electricity-related internal communications. The plaintiff asserted causes of action for unjust enrichment, trespass, injunction and declaratory judgment. The plaintiff did not assert a specific dollar amount for the claims. SCANA and SCE&G believe their actions are consistent with governing law and the applicable documents granting easements and rights-of-way. The Circuit Court granted SCANA's and SCE&G's motion to dismiss and issued an order dismissing the case in June 2005. The plaintiff appealed to the South Carolina Supreme Court. The Supreme Court overruled the Circuit Court in October 2006 and returned the case to the Circuit Court for further consideration. In June 2007, the Circuit Court issued a ruling that limits the plaintiff's purported class to owners of easements situated in Charleston County, South Carolina. The South Carolina Court of Appeals dismissed the plaintiff's appeal of this ruling, determining that the Circuit Court ruling is not immediately appealable. On February 27, 2008 the Circuit Court issued an order to conditionally certify the class, which remains limited to easements in Charleston County. The plaintiff has moved to add SCANA Communications, Inc. (SCI) to the lawsuit as an additional defendant. This motion was granted by the Court and SCI was served with the complaint on July 14, 2008. SCANA, SCI and SCE&G will continue to mount a vigorous defense and believe that the resolution of these claims will not have a material adverse impact on their results of operations, cash flows or financial condition.

A complaint was filed in October 2003 against SCE&G by the State of South Carolina alleging that SCE&G violated the Unfair Trade Practices Act by charging municipal franchise fees to some customers residing outside a municipality's limits. The complaint sought restitution to all affected customers and penalties of up to \$5,000 for each separate violation. The claim against SCE&G was settled by an agreement between the parties, and the settlement was approved in 2004 by South Carolina's Circuit Court of Common Pleas for the Fifth Judicial Circuit. In addition, SCE&G filed a petition with the SCPSC in October 2003 pursuant to S. C. Code Ann. R.103-836. The petition requests that the SCPSC exercise its jurisdiction to investigate the operation of the municipal franchise fee collection requirements applicable to SCE&G's electric and gas service, to approve SCE&G's efforts to correct any past franchise fee billing errors, to adopt improvements in the system which will reduce such errors in the future, and adopt any regulation that the SCPSC deems just and proper to regulate the franchise fee collection process. A hearing on this petition has not been scheduled. The Company believes that the resolution of these matters will not have a material adverse impact on its results of operations, cash flows or financial condition.

The Company is also engaged in various other claims and litigation incidental to its business operations which management anticipates will be resolved without a material adverse impact on the Company's results of operations, cash flows or financial condition.

D. Nuclear Generation

On May 27, 2008, SCE&G and Santee Cooper, announced that they had entered into a contractual agreement for the design and construction of two 1,117-megawatt nuclear electric generation units at the site of V. C. Summer Nuclear Station. SCE&G and Santee Cooper will be joint owners and share operating costs and generation output of the two additional units, with SCE&G accounting for 55 percent of the cost and output and Santee Cooper the remaining 45 percent. The first unit is expected to come line in 2016, the second in 2019. SCE&G's share of the estimated cash outlays (future value) total \$5.411 billion for plant costs and \$638 million for transmission costs.

6. SEGMENT OF BUSINESS INFORMATION

The Company's reportable segments are listed in the following table. The Company uses operating income to measure profitability for its regulated operations; therefore, net income is not allocated to the Electric Operations, Gas Distribution and Gas Transmission segments. The Company uses net income to measure profitability for its Retail Gas Marketing and Energy Marketing segments. Gas Distribution is comprised of the local distribution operations of SCE&G and PSNC Energy which meet SFAS 131, "Disclosures about Segments of an Enterprise and Related Information" criteria for aggregation. All Other includes equity method investments and other nonreportable segments.

Millions of dollars	External Revenue	Intersegment Revenue	Operating Income (Loss)	Net Income (Loss)	Segment Assets
<i>Three Months Ended June 30, 2008</i>					
Electric Operations	\$ 576	\$ 3	\$ 129	n/a	
Gas Distribution	208	-	-	n/a	
Gas Transmission	2	9	4	n/a	
Retail Gas Marketing	102	-	n/a	\$ (1)	
Energy Marketing	330	98	n/a	-	
All Other	8	90	n/a	(3)	
Adjustments/Eliminations	(8)	(200)	(2)	61	
Consolidated Total	\$ 1,218	\$ -	\$ 131	\$ 57	
<i>Six Months Ended June 30, 2008</i>					
Electric Operations	\$ 1,064	\$ 6	\$ 226		\$ 6,11
Gas Distribution	688	-	77		1,92
Gas Transmission	4	20	9		31
Retail Gas Marketing	367	-	n/a	\$ 21	14
Energy Marketing	629	168	n/a	-	27
All Other	17	173	n/a	(4)	1,20
Adjustments/Eliminations	(17)	(367)	32	149	51
Consolidated Total	\$ 2,752	\$ -	\$ 344	\$ 166	\$ 10,51

Millions of dollars	External Revenue	Intersegment Revenue	Operating Income (Loss)	Net Income (Loss)	Segment Assets
<i>Three Months Ended June 30, 2007</i>					
Electric Operations	\$ 470	\$ 2	\$ 110	n/a	
Gas Distribution	189	-	(1)	n/a	
Gas Transmission	2	9	4	n/a	
Retail Gas Marketing	102	-	n/a	\$ 2	
Energy Marketing	244	47	n/a	1	
All Other	(6)	83	n/a	(5)	
Adjustments/Eliminations	6	(141)	3	57	
Consolidated Total	\$ 1,007	\$ -	\$ 116	\$ 55	
<i>Six Months Ended June 30, 2007</i>					
Electric Operations	\$ 913	\$ 4	\$ 166	n/a	\$ 5,746
Gas Distribution	622	-	73	n/a	1,801
Gas Transmission	5	20	9	n/a	285
Retail Gas Marketing	343	-	n/a	\$ 20	140
Energy Marketing	487	112	n/a	1	121
All Other	12	168	n/a	(9)	550
Adjustments/Eliminations	(12)	(304)	31	128	1,019
Consolidated Total	\$ 2,370	\$ -	\$ 279	\$ 140	\$ 9,662

,119
,928
312
148
213
,207
591
1,518

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SCANA CORPORATION

The following discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in SCANA Corporation's (SCANA, and together with its consolidated subsidiaries the Company) Annual Report on Form 10-K for the year ended December 31, 2007.

RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2008 AS COMPARED TO THE CORRESPONDING PERIODS IN 2007

Earnings Per Share

Earnings per share was as follows:

Millions of dollars	Second Quarter		Year to Date	
	2008	2007	2008	2007
Earnings per share	\$.48	\$.47	\$ 1.42	\$ 1.20

Second Quarter

Earnings per share increased primarily due to higher electric margin of \$.11. These increases were primarily offset by lower natural gas margin of \$.01 and higher operating expenses and other items aggregating \$.09 as detailed below.

Year to Date

Earnings per share increased primarily due to higher electric margin of \$.28 and higher natural gas margin of \$.06. These increases were primarily offset by higher operating expenses and other items aggregating \$.12 as detailed below.

Dividends Declared

The Company's Board of Directors has declared the following dividends on common stock during 2008:

Declaration Date	Dividend Per Share	Record Date	Payment Date
February 14, 2008	\$.46	March 10, 2008	April 1, 2008
April 24, 2008	.46	June 10, 2008	July 1, 2008
July 31, 2008	.46	September 10, 2008	October 1, 2008

Electric Operations

Electric Operations is comprised of the electric operations of South Carolina Electric & Gas Company (SCE&G), South Carolina Generating Company, Inc. (GENCO) and South Carolina Fuel Company, Inc. Electric operations sales margin (including transactions with affiliates) was as follows:

Millions of dollars	2008	Second Quarter		2008	Year to Date	2007
		% Change	2007		% Change	
Operating revenues	\$ 575.8	22.5%	\$ 470.0	\$ 1,063.7	16.5%	\$ 912.0
Less: Fuel used in generation	227.4	48.7%	152.9	404.3	30.9%	308.0
Purchased power	16.2	*	6.6	20.9	16.1%	18.0
Margin	\$ 332.2	7.0%	\$ 310.5	\$ 638.5	9.0%	\$ 585.0

*Greater than 100%

Second Quarter

Margin increased by \$17.3 million due to increased retail electric rates that went into effect in January 2008, and by \$4.1 million due to customer growth and usage, partially offset by lower off-system sales of \$0.6 million.

Year to Date

Margin increased by \$34.8 million due to increased retail electric rates that went into effect in January 2008, by \$10.7 million due to customer growth and usage, by \$5.6 million due to higher off-system sales and by \$1.7 million due to higher industrial sales.

Gas Distribution

Gas Distribution is comprised of the local distribution operations of SCE&G and Public Service Company of North Carolina, Incorporated (PSNC Energy). Gas distribution sales margin (including transactions with affiliates) was as follows:

Millions of dollars	2008	Second Quarter		2007	2008	Year to Date	
		% Change				% Change	2007
Operating revenues	\$ 208.6	10.1%	\$	189.5	\$ 688.3	10.6%	\$ 622.5
Less: Gas purchased for resale	150.7	13.0%		133.4	494.1	13.1%	436.9
Margin	\$ 57.9	3.2%	\$	56.1	\$ 194.2	4.6%	\$ 185.6

Second Quarter

Margin at SCE&G increased by \$0.9 million due to the Public Service Commission of South Carolina (SCPSC)-approved increase in retail gas base rates which became effective with the first billing cycle of November 2007 and by \$0.2 million due to customer growth. Margin at PSNC Energy increased by \$0.8 million due primarily to customer growth.

Year to Date

Margin at SCE&G increased by \$2.8 million due to the SCPSC-approved increase in retail gas base rates which became effective with the first billing cycle of November 2007 and by \$1.5 million due to customer growth. Margin at PSNC Energy increased by \$4.1 million due primarily to customer growth.

Gas Transmission

Gas Transmission is comprised of the operations of Carolina Gas Transmission Corporation (CGTC). Gas transmission revenues (including transactions with affiliates) were as follows:

Millions of dollars	2008	Second Quarter		2007	2008	Year to Date	
		% Change				% Change	2007
Transportation revenue	\$ 11.9	5.3%	\$	11.3	\$ 24.8	5.5%	\$ 23.5
Other operating revenues	-	(100.0)%		0.6	-	(100.0)%	1.5
Revenues	\$ 11.9	-	\$	11.9	\$ 24.8	(0.8)%	\$ 25.0

Second Quarter and Year to Date

Transportation revenue increased primarily due to customer growth.

Retail Gas Marketing

Retail Gas Marketing is comprised of SCANA Energy, which operates in Georgia's natural gas market. Retail Gas Marketing revenues and net income (loss) were as follows:

Millions of dollars	2008	Second Quarter		2007	2008	Year to Date	
		% Change				% Change	2007
Operating revenues	\$ 101.9	(0.3)%	\$	102.2	\$ 366.9	7.0 %	\$ 343.0
Net income (loss)	(0.5)	*		1.4	21.0	6.6 %	19.7

*Greater than 100%

Second Quarter

Operating revenues decreased primarily as a result of lower sales volume, partially offset by higher average retail prices. Net income decreased primarily due to lower margin and the Georgia Public Service Commission settlement (see Note 5C the condensed consolidated financial statements), partially offset by lower bad debt expense.

Year to Date

Operating revenues increased primarily as a result of higher average retail prices and volumes. Net income increased primarily due to higher margin and lower bad debt expense, partially offset by the Georgia Public Service Commission settlement.

Energy Marketing

Energy Marketing is comprised of the Company's non-regulated marketing operations, excluding SCANA Energy. Energy Marketing operating revenues and net income were as follows:

Millions of dollars	2008	Second Quarter % Change	2007	2008	Year to Date % Change	2007
Operating revenues	\$ 427.9	48.6%	\$ 288.0	\$ 796.0	34.2%	\$ 593.1
Net income	0.3	(62.5)%	0.8	-	(100.0)%	0.8

Second Quarter

Operating revenues increased primarily due to higher natural gas commodity prices. Net income decreased primarily due to higher bad debt expense.

Year to Date

Operating revenues increased primarily due to higher natural gas commodity prices. Net income decreased due to higher operating expenses of \$1.0 million, partially offset by higher margin on sales of \$0.3 million.

Other Operating Expenses

Other operating expenses arising from the operating segments previously discussed were as follows:

Millions of dollars	2008	Second Quarter % Change	2007	2008	Year to Date % Change	2007
Other operation and maintenance	\$ 166.7	4.1%	\$ 160.1	\$ 344.0	3.0%	\$ 334.0
Depreciation and amortization	78.9	(8.0)%	85.8	158.5	(10.4)%	176.0
Other taxes	43.3	12.5%	38.5	87.1	9.7%	79.0

Second Quarter

Other operation and maintenance expenses increased \$5.1 million due to higher generating, transmission and distribution expense. Depreciation and amortization expense decreased \$7.1 million due to the expiration of the synthetic fuel tax credits program (see Income Taxes-Recognition of Synthetic Fuel Tax Credits) and \$2.1 million due to the expiration of a three year amortization of deferred purchased power, partially offset by an increase of \$2.9 million due to property additions. Other taxes increased due to higher property taxes.

Year to Date

Other operation and maintenance expenses increased \$5.7 million due to higher generation, transmission and distribution expenses and \$2.5 million due to higher incentive and other benefit costs. Depreciation and amortization expense decreased \$1.0 million due to the expiration of the synthetic fuel tax credits program (see Income Taxes-Recognition of Synthetic Fuel Tax Credits) and \$4.3 million due to the expiration of a three year amortization of deferred purchased power, partially offset by an increase of \$5.8 million due to property additions. Other taxes increased due to higher property taxes.

Other Income (Expense)

Other income (expense) includes the results of certain incidental (non-utility) activities and the activities of certain non-regulated subsidiaries. Other income (expense) declined in 2008 compared to 2007 primarily due to lower royalties earned in connection with the operation of a synthetic fuel plant. Interest charges increased primarily due to the additional borrowings described in Note 3 to the condensed consolidated financial statements.

Income Taxes

Income tax expense increased primarily due to changes in operating income and the recognition of no synthetic fuel tax credits during the first half of 2008 compared to \$7.1 million and \$18.5 million for the three and six months ended June 30, 2007, respectively.

Recognition of Synthetic Fuel Tax Credits

SCE&G holds equity-method investments in two partnerships that were involved in converting coal to synthetic fuel, the use of which fuel qualified for federal income tax credits. Under an accounting methodology approved by the SCPSC in a January 2005 order, construction costs related to the Lake Murray back-up dam project were recorded in utility plant in service in a special dam remediation account, outside of rate base, and depreciation was recognized against the balance in this account on an accelerated basis, subject to the availability of the synthetic fuel tax credits. The synthetic fuel tax credit program expired at the end of 2007.

For 2007, the level of depreciation expense and related tax benefit recognized in the income statement was equal to the available synthetic fuel tax credits, less partnership losses and other expenses, net of taxes. As a result, the balance of unrecovered costs in the dam remediation account declined as accelerated depreciation was recorded. Although these entries collectively had no impact on consolidated net income, they did have a significant impact on individual line items within the income statement, as follows:

Millions of dollars	Three Months Ended June 30, 2007	Six Months Ended June 30, 2007
Depreciation and amortization expense	\$ (7.1)	\$ (19.1)
Income tax benefits:		
From synthetic fuel tax credits	6.8	17.7
From accelerated depreciation	2.7	7.3
From partnership losses	1.5	3.6
Total income tax benefits	11.0	28.6
Losses from Equity Method Investments	(3.9)	(9.5)
Impact on Net Income	\$ -	\$ -

Available credits were not sufficient to fully recover the construction costs of dam remediation; therefore, regulatory action to allow recovery of remaining costs will be sought. In addition, SCE&G records non-cash carrying costs on the unrecovered investment, which amounts were \$1.4 million and \$1.3 million in the second quarter of 2008 and 2007, respectively. As of June 30, 2008, remaining unrecovered costs, including carrying costs, were \$71.2 million. The Company expects these costs to be recoverable through rates.

LIQUIDITY AND CAPITAL RESOURCES

The Company anticipates that its contractual cash obligations will be met through internally generated funds, the incurrence of additional short- and long-term indebtedness and sales of equity securities. The Company expects that it has or can obtain adequate sources of financing to meet its projected cash requirements for the foreseeable future. The Company's ratios of earnings to fixed charges for the 6 and 12 months ended June 30, 2008 were 3.07 and 3.20, respectively.

Cash requirements for the Company's regulated subsidiaries arise primarily from their operational needs, funding their construction programs and payment of dividends to SCANA. The ability of the regulated subsidiaries to replace existing plant investment, to expand to meet future demand for electricity and gas and to install equipment necessary to comply with environmental regulations will depend on their ability to attract the necessary financial capital on reasonable terms. Regulated subsidiaries recover the costs of providing services through rates charged to customers. Rates for regulated services are generally based on historical costs. As customer growth and inflation occur and these subsidiaries continue their ongoing construction programs, rate increases will be sought. The future financial position and results of operations of the regulated subsidiaries will be affected by their ability to obtain adequate and timely rate and other regulatory relief, if requested.

The issuance of various securities by the Company or its regulated subsidiaries, including short- and long-term debt, is subject to customary approval or authorization by state and federal regulatory bodies, including state public service commission and the Federal Energy Regulatory Commission (FERC).

In June 2007 SCANA entered into an agreement to issue and sell Floating Rate Senior Notes due June 1, 2034, in an aggregate principal amount of between \$90 million and \$110 million. In December 2007 SCANA issued \$40 million of the Float Rate Senior Notes. The remainder of the Notes are to be issued in December 2008 and June 2009.

On January 14, 2008 SCE&G issued \$250 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. Proceeds from the sale of these bonds were used to repay short-term debt primarily incurred as a result of SCE&G's construction program and for general corporate purposes. Concurrent with this issuance, SCE&G terminate several 30-year forward-starting swaps having an aggregate notional amount of \$250 million. The resulting loss of approximately \$14.0 million on the settlement of these swaps will be amortized over the life of the bonds.

On March 12, 2008 SCANA issued \$250 million of Medium Term Notes bearing an annual interest rate of 6.25% and maturing on April 1, 2020. Proceeds from the sale of these notes were or will be used to repay short-term debt incurred to pay at maturity on March 1, 2008 \$100 million of floating rate Medium Term Notes, to pay at maturity \$115 million of Medium Term Notes, due October 23, 2008, to repay other short-term debt and for general corporate purposes. Concurrent with this issuance, SCANA terminated a treasury lock having a notional amount of \$250 million. The resulting loss on the treasury lock of approximately \$3.1 million will be amortized over the life of the Medium Term Notes.

On May 30, 2008 GENCO issued \$80 million in notes bearing an annual interest rate of 6.06% and maturing on June 1, 2018. Proceeds from the sale of the notes were used to repay short-term debt primarily incurred as a result of GENCO's construction program. An additional \$80 million is expected to be issued in October 2008 with similar terms.

On June 24, 2008, SCE&G issued \$110 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. Proceeds from the sale of these bonds were used to repay short term debt and for general corporate purposes. Concurrent with this issuance, SCE&G terminated a treasury lock having a notional amount of \$110 million. The resulting gain of approximately \$0.5 million will be amortized over the life of the bonds.

SCE&G and GENCO have obtained FERC authority to issue short-term indebtedness (pursuant to Section 204 of the Federal Power Act). SCE&G may issue up to \$700 million of unsecured promissory notes or commercial paper with maturity of year or less, and GENCO may issue up to \$100 million of short-term indebtedness. FERC's approval expires in February 2010.

Nuclear Generation

On May 27, 2008, SCE&G and Santee Cooper, a state owned utility in South Carolina (joint owners of V. C. Summer Nuclear Station) announced that they had entered into a contractual agreement for the design and construction of two 1,117-megawatt nuclear electric generation units at the site of V. C. Summer Nuclear Station. SCE&G and Santee Cooper will be joint owners and share operating costs and generation output of the two additional units, with SCE&G accounting for 55 percent of the cost and output and Santee Cooper the remaining 45 percent. The first unit is expected to come on line in 2016, the second in 2019. SCE&G's share of the estimated cash outlays are as follows:

Future Value Millions of dollars	2007	2008	2009-2010	2011-2012	After 2012	Total
Plant Costs	\$ 21	\$ 183	\$ 1,095	\$ 1,431	\$ 2,681	\$ 5,411
Transmission Costs	-	-	-	2	636	638

The above amounts are not reflected in the contractual cash obligations table included in the 2007 Form 10-K.

In addition, on April 1, 2008 SCE&G announced that an agreement had been reached authorizing the purchase of long lead-time materials for up to two new Westinghouse AP 1000 nuclear generating units. While seeking authorization from regulators for two plants and maintaining a position on the schedule for long-lead materials for two plants, SCE&G intends to maintain flexibility as to the number of plants to build, through contractual off-ramps up until the final notice to proceed with construction is granted which SCE&G anticipates will be in 2011.

For information on SCE&G's regulatory filings related to nuclear generation, see Note 2 in the condensed consolidated financial statements.

ENVIRONMENTAL AND REGULATORY MATTERS

The United States Environmental Protection Agency (EPA) issued a final rule in 2005 known as the Clean Air Interstate Rule (CAIR). CAIR requires the District of Columbia and 28 states, including South Carolina, to reduce nitrogen oxide and sulfur dioxide emissions in order to attain mandated state levels. CAIR had set emission limits to be met in two phases beginning in 2009 and 2015, respectively, for nitrogen oxide and beginning in 2010 and 2015, respectively, for sulfur dioxide. Numerous states, environmental organizations, industry groups and individual companies challenged the rule, seeking a change in the method CAIR used to allocate sulfur dioxide emission allowances. On July 11, 2008, the United States Court of Appeals for the District of Columbia Circuit vacated the rule in its entirety and remanded it to the EPA for further rulemaking. Prior to the Court of Appeals' decision, SCE&G and GENCO had determined that additional air quality controls would be needed to meet the CAIR requirements, including the installation of selective catalytic reactor (SCR) technology at Cope Station for nitrogen oxide reduction and wet limestone scrubbers at both Wateree and Williams Stations for sulfur dioxide reduction. SCE&G and GENCO have already begun to install this equipment, and expect to incur capital expenditures totaling approximately \$560 million through 2010. The Company cannot predict when the EPA will issue a revised rule or what impact the rule will have on SCE&G and GENCO. Any costs incurred to comply with this vacated rule or other rules issued by the EPA in the future are expected to be recoverable through rates.

The EPA issued a final rule referred to as the Clean Air Mercury Rule (CAMR) in 2005 establishing a mercury emissions cap and trade program for coal-fired power plants that required limits to be met in two phases, in 2010 and 2018. Numerous parties challenged the rule. On February 8, 2008, the United States Circuit Court for the District of Columbia vacated the rule for electric utility steam generating units. The Company cannot predict the effect of this ruling on implementation of CAMR state implementation plans (SIP) and newly promulgated CAMR regulations by the states.

See notes to the condensed consolidated financial statements for additional information related to environmental matters (Note 5B) and regulatory matters (Note 2).

OTHER MATTERS

Although SCANA invests in securities and business ventures, it does not hold investments in unconsolidated special purpose entities such as those described in SFAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," or as described in FIN 46(R), "Consolidation of Variable Interest Entities." SCANA does not engage in off-balance sheet financing or similar transactions, although it is party to incidental operating leases in the normal course of business, generally for office space, furniture, equipment and rail cars.

See Note 5C to the condensed consolidated financial statements for additional information related to claims and litigation.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

All financial instruments held by the Company described below are held for other than trading purposes.

Interest rate risk - The table below provides information about long-term debt issued by the Company and other financial instruments that are sensitive to changes in interest rates. For debt obligations, the table presents principal cash flows and related weighted average interest rates by expected maturity dates. For interest rate swaps, the figures shown reflect notional amounts and related maturities. Fair values for debt and swaps represent quoted market prices.

As of June 30, 2008	Expected Maturity							Fair Value
Millions of dollars	2008	2009	2010	2011	2012	There-After	Total	
Long-Term Debt Issued:								
Fixed Rate (\$)	120.0	108.2	14.8	619.3	265.5	2,448.1	3,575.9	3,529.3
Average Fixed Interest Rate (%)	5.88	6.27	6.87	6.78	6.23	5.97	6.14	
Variable Rate (\$)			1.6	1.6	1.6	35.2	40.0	41.0
Variable Interest Rate (%)			3.38	3.38	3.38	3.38	3.38	
Interest Rate Swaps:								
Pay Variable/Receive Fixed (\$)		3.2	3.2	3.2	3.2		12.8	0.4
Pay Interest Rate (%)		5.99	5.99	5.99	5.99		5.99	
Receive Interest Rate (%)		8.75	8.75	8.75	8.75		8.75	
Pay Fixed/Receive Variable (\$)			1.6	1.6	1.6	35.2	40.0	(7.6)
Pay Interest Rate (%)			6.47	6.47	6.47	6.47	6.47	
Receive Interest Rate (%)			3.38	3.38	3.38	3.38	3.38	

While a decrease in interest rates would increase the fair value of debt, it is unlikely that events which would result in a significant realized loss will occur.

Commodity price risk - The following tables provide information about the Company's financial instruments that are sensitive to changes in natural gas prices. Weighted average settlement prices are per 10,000 dekatherms. Fair value represents quoted market prices.

Expected Maturity:

	Futures Contracts			Options			
	Long	Short		Purchased Call (Long)	Purchased Put (Short)	Purchased Put (Long)	Sold Put (Long)
2008			Strike Price (a)	10.60	8.41	8.78	-
Settlement Price (a)	13.74	13.30	Contract Amount (b)	27.7	9.4	23.6	-
Contract Amount (b)	22.2	8.4	Fair Value (b)	9.1	-	-	-
Fair Value (b)	31.7	8.2					
2009			Strike Price (a)	12.62	8.48	8.44	10.75
Settlement Price (a)	13.47	14.25	Contract Amount (b)	51.5	10.4	22.4	0.6
Contract Amount (b)	38.4	14.8	Fair Value (b)	11.3	0.2	-	-
Fair Value (b)	55.4	17.2					

(a) Weighted average, in dollars

(b) Millions of dollars

Swaps	2008	2009	2010
Commodity Swaps:			
Pay fixed/receive variable (b)	81.7	93.5	1.1
Average pay rate (a)	9.374	9.596	9.74
Average received rate (a)	13.771	13.220	11.60
Fair value (b)	120.0	128.9	2.1
Pay variable/receive fixed (b)	44.4	43.5	
Average pay rate (a)	13.904	14.271	
Average received rate (a)	10.613	12.210	
Fair value (b)	33.9	37.2	
Basis Swaps:			
Pay variable/receive variable (b)	25.3	10.3	5.1
Average pay rate (a)	13.641	13.212	11.34
Average received rate (a)	13.684	13.225	11.29
Fair value (b)	25.4	10.3	5.1

(a) Weighted average, in dollars

(b) Millions of dollars

ITEM 4. CONTROLS AND PROCEDURES

As of June 30, 2008, SCANA Corporation (SCANA) conducted an evaluation under the supervision and with the participation of its management, including its Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of (a) the effectiveness of the design and operation of its disclosure controls and procedures and (b) any change in its internal control over financial reporting. Based on this evaluation, the CEO and CFO concluded that, as of June 30, 2008, SCANA's disclosure controls and procedures were effective. There has been no change in SCANA's internal control over financial reporting during the quarter ended June 30, 2008 that has materially affected or is reasonably likely to materially affect SCANA's internal control over financial reporting.

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**SOUTH CAROLINA ELECTRIC & GAS COMPANY
FINANCIAL SECTION**

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ITEM 1. FINANCIAL STATEMENTS

SOUTH CAROLINA ELECTRIC & GAS COMPANY CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

Millions of dollars	June 30, 2008	December 31, 2007
Assets		
Utility Plant In Service	\$ 8,546	\$ 8,380
Accumulated Depreciation and Amortization	(2,723)	(2,643)
Construction Work in Progress	578	383
Nuclear Fuel, Net of Accumulated Amortization	81	82
Utility Plant, Net	6,482	6,202
Nonutility Property and Investments:		
Nonutility property, net of accumulated depreciation	40	38
Assets held in trust, net - nuclear decommissioning	60	62
Nonutility Property and Investments, Net	100	100
Current Assets:		
Cash and cash equivalents	19	41
Receivables, net of allowance for uncollectible accounts of \$3 and \$2	346	320
Receivables - affiliated companies	1	29
Inventories (at average cost):		
Fuel and gas supply	101	139
Materials and supplies	101	97
Emission allowances	24	33
Prepayments and other	105	52
Deferred income taxes	5	5
Total Current Assets	702	716
Deferred Debits and Other Assets:		
Due from parent - pension asset, net	241	228
Regulatory assets	701	629
Other	101	102
Total Deferred Debits and Other Assets	1,043	959
Total	\$ 8,327	\$ 7,977

Millions of dollars	June 30, 2008	December 31, 2007
Capitalization and Liabilities		
Shareholders' Investment:		
Common equity	\$ 2,669	\$ 2,622
Preferred stock (Not subject to purchase or sinking funds)	106	106
Total Shareholders' Investment	2,775	2,728
Preferred Stock, net (Subject to purchase or sinking funds)	7	7
Long-Term Debt, net	2,308	2,003
Total Capitalization	5,090	4,738
Minority Interest	94	89
Current Liabilities:		
Short-term borrowings	230	464
Current portion of long-term debt	140	13
Accounts payable	158	175
Accounts payable - affiliated companies	224	178
Customer deposits and customer prepayments	42	42
Taxes accrued	80	116
Interest accrued	42	33
Dividends declared	43	37
Other	33	46
Total Current Liabilities	992	1,104
Deferred Credits and Other Liabilities:		
Deferred income taxes, net	856	820
Deferred investment tax credits	103	103
Asset retirement obligations	302	294
Due to parent - postretirement and other benefits	187	187
Regulatory liabilities	667	609
Other	36	33
Total Deferred Credits and Other Liabilities	2,151	2,046
Commitments and Contingencies (Note 5)		
Total	\$ 8,327	\$ 7,977

See Notes to Condensed Consolidated Financial Statements.

SOUTH CAROLINA ELECTRIC & GAS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

Millions of dollars	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Operating Revenues:				
Electric	\$ 579	\$ 472	\$ 1,070	\$ 970
Gas	119	103	321	311
Total Operating Revenues	698	575	1,391	1,281
Operating Expenses:				
Fuel used in electric generation	227	153	404	341
Purchased power	16	7	21	11
Gas purchased for resale	96	81	245	215
Other operation and maintenance	125	116	254	238
Depreciation and amortization	68	74	136	140
Other taxes	39	35	80	75
Total Operating Expenses	571	466	1,140	1,011
Operating Income	127	109	251	270
Other Income (Expense):				
Other income	8	7	15	12
Other expenses	(4)	(2)	(7)	(5)
Interest charges, net of allowance for borrowed funds				
used during construction of \$4, \$3, \$7 and \$5	(35)	(35)	(71)	(67)
Allowance for equity funds used during construction	1	1	4	3
Total Other Expense	(30)	(29)	(59)	(56)
Income Before Income Tax Expense, Losses from Equity				
Method Investments, Minority Interest and Preferred Stock Dividends	97	80	192	173
Income Tax Expense	35	20	68	42
Income Before Losses from Equity Method Investments,				
Minority Interest and Preferred Stock Dividends	62	60	124	131
Losses from Equity Method Investments	-	(4)	-	-
Minority Interest	2	2	5	3
Net Income	60	54	119	131
Preferred Stock Cash Dividends Declared	2	2	4	4
Earnings Available for Common Shareholder	\$ 58	\$ 52	\$ 115	\$ 127

See Notes to Condensed Consolidated Financial Statements.

SOUTH CAROLINA ELECTRIC & GAS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Millions of dollars	Six Months Ended June 30,	
	2008	2007
Cash Flows From Operating Activities:		
Net income	\$ 119	\$ 91
Adjustments to Reconcile Net Income to Net Cash Provided From Operating Activities:		
Excess losses from equity method investments, net of distributions		10
Minority interest	5	4
Depreciation and amortization	136	152
Amortization of nuclear fuel	5	9
Allowance for equity funds used during construction	(4)	-
Carrying cost recovery	(3)	(1)
Cash provided (used) by changes in certain assets and liabilities:		
Receivables, net	(11)	(5)
Inventories	14	(27)
Prepayments	(53)	(5)
Due from parent - pension asset	(13)	(11)
Other regulatory assets	8	6
Deferred income taxes, net	36	(6)
Regulatory liabilities	49	16
Due to parent - postretirement benefits	-	3
Accounts payable	7	(17)
Taxes accrued	(37)	(29)
Interest accrued	10	1
Changes in fuel adjustment clauses	(71)	1
Changes in other assets	2	19
Changes in other liabilities	(10)	(25)
Net Cash Provided From Operating Activities	189	186
Cash Flows From Investing Activities:		
Utility property additions and construction expenditures	(375)	(261)
Non-utility property additions	(2)	(1)
Proceeds from sale of assets	1	1
Short-term investments-affiliate	13	10
Investments	-	(9)
Net Cash Used For Investing Activities	(363)	(260)
Cash Flows From Financing Activities:		
Proceeds from issuance of debt	420	-
Repayment of debt	(8)	(4)
Retirement of preferred stock	-	(1)
Dividends	(78)	(61)
Contribution from parent	12	66
Short-term borrowings - affiliate, net	40	12
Short-term borrowings, net	(234)	53
Net Cash Provided From Financing Activities	152	65
Net Decrease In Cash and Cash Equivalents	(22)	(9)
Cash and Cash Equivalents, January 1	41	24
Cash and Cash Equivalents, June 30	\$ 19	\$ 15
Supplemental Cash Flow Information:		
Cash paid for - Interest (net of capitalized interest of \$7 and \$5)	\$ 55	\$ 67
- Income taxes	16	6
Noncash Investing and Financing Activities:		
Accrued construction expenditures	41	26

See Notes to Condensed Consolidated Financial Statements.

SOUTH CAROLINA ELECTRIC & GAS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Unaudited)

The following notes should be read in conjunction with the Notes to Consolidated Financial Statements appearing in South Carolina Electric & Gas Company's (SCE&G, and together with its consolidated affiliates, the Company) Annual Report on Form 10-K for the year ended December 31, 2007. These are interim financial statements, and due to the seasonality of the Company business and matters that may occur during the rest of the year, the amounts reported in the Condensed Consolidated Statement of Income are not necessarily indicative of amounts expected for the full year. In the opinion of management, the information furnished herein reflects all adjustments, all of a normal recurring nature, which are necessary for a fair statement of the results for the interim periods reported.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Variable Interest Entity

Financial Accounting Standards Board Interpretation (FIN) 46 (Revised 2003), "Consolidation of Variable Interest Entities," requires an enterprise's consolidated financial statements to include entities in which the enterprise has a controlling financial interest. SCE&G has determined that it has a controlling financial interest in South Carolina Generating Company, Inc. (GENCO) and South Carolina Fuel Company, Inc. (Fuel Company), and accordingly, the accompanying condensed consolidated financial statements include the accounts of SCE&G, GENCO and Fuel Company. The equity interests in GENCO and Fuel Company are held solely by SCANA Corporation (SCANA), the Company's parent. Accordingly, GENCO's and Fuel Company's equity and results of operations are reflected as minority interest in the Company's condensed consolidated financial statements.

GENCO owns a coal-fired electric generating station with a 615 megawatt net generating capacity (summer rating). GENCO's electricity is sold solely to SCE&G under the terms of power purchase and related operating agreements. Fuel Company acquires, owns and provides financing for SCE&G's nuclear fuel, fossil fuel and emission allowances. The effects of these transactions are eliminated in consolidation. Substantially all of GENCO's property (carrying value of \$384 million) serves as collateral for its long-term borrowings.

B. Basis of Accounting

The Company accounts for its regulated utility operations, assets and liabilities in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) 71, "Accounting for the Effects of Certain Types of Regulation." SFAS 71 requires cost-based, rate-regulated utilities to recognize in their financial statements certain revenues and expenses in different periods than do enterprises that are not rate-regulated. As a result, the Company has recorded regulatory assets and regulatory liabilities, summarized as follows.

Millions of dollars	June 30, 2008	December 31, 2007
Regulatory Assets:		
Accumulated deferred income taxes	\$ 156	\$ 15
Under collections – electric fuel clause	60	
Environmental remediation costs	20	1
Asset retirement obligations and related funding	273	26
Franchise agreements	50	5
Deferred employee benefit plan costs	105	10
Other	37	3
Total Regulatory Assets	\$ 701	\$ 62

Millions of dollars	June 30, 2008	December 31, 2007
Regulatory Liabilities:		
Accumulated deferred income taxes	\$ 31	\$ 32
Over-collections – electric fuel and gas cost adjustment clauses	74	19
Other asset removal costs	488	472
Storm damage reserve	51	49
Planned major maintenance	3	15
Other	20	22
Total Regulatory Liabilities	\$ 667	\$ 609

Accumulated deferred income tax liabilities arising from utility operations that have not been included in customer rates are recorded as a regulatory asset. Accumulated deferred income tax assets arising from deferred investment tax credits are recorded as a regulatory liability.

Under- and over-collections - electric fuel and gas cost adjustment clauses, net, represent amounts under- or over-collected from customers pursuant to the fuel adjustment clause (electric customers) or gas cost adjustment clause (gas customers) as approved by the Public Service Commission of South Carolina (SCPSC) during annual hearings. In addition to fuel and purchased gas, included in these amounts are regulatory liabilities arising from realized and unrealized gains and losses incurred in the natural gas hedging program of the Company's regulated operations. In addition, the cost of emission allowances and certain reagents used to treat fuel emissions are included.

Environmental remediation costs represent costs associated with the assessment and clean-up of manufactured gas plant (MGP) sites currently or formerly owned by SCE&G. Costs incurred by SCE&G at such sites are being recovered through rates. SCE&G is authorized to amortize \$1.4 million of these costs annually.

Asset retirement obligations (ARO) and related funding represents the regulatory asset associated with the legal obligation to decommission and dismantle V. C. Summer Nuclear Station (Summer Station) and conditional AROs recorded as required by SFAS 143, "Accounting for Asset Retirement Obligations," and FIN 47, "Accounting for Conditional Asset Retirement Obligations."

Franchise agreements represent costs associated with electric and gas franchise agreements with the cities of Charleston and Columbia, South Carolina. Based on an SCPSC order, SCE&G began amortizing these amounts through cost of service rates in February 2003 over approximately 20 years.

Deferred employee benefit plan costs represent amounts of pension and other postretirement benefit costs which were accrued as liabilities under provisions of SFAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," but which are expected to be recovered through utility rates.

Other asset removal costs represent net collections through depreciation rates of estimated costs to be incurred for the removal of assets in the future.

The storm damage reserve represents an SCPSC-approved collection through SCE&G electric rates, capped at \$100 million, which can be applied to offset incremental storm damage costs in excess of \$2.5 million in a calendar year and certain transmission and distribution insurance premiums. During the six months ended June 30, 2008, \$1.4 million was drawn from the reserve. No amounts were drawn from this reserve for the six months ended June 30, 2007.

Planned major maintenance related to certain fossil hydro turbine/generation equipment and nuclear refueling outages is accrued in advance of the time the costs are incurred, as approved through specific SCPSC orders. SCE&G is allowed to collect \$8.5 million annually over an eight-year period, beginning in January 2005, through electric rates to offset turbine maintenance expenditures. Nuclear refueling charges are accrued during each 18-month refueling outage cycle as a component of cost of service.

The SCPSC or FERC have reviewed and approved through specific orders most of the items shown as regulatory assets. Other regulatory assets represent costs which have not been approved for recovery by the SCPSC. In recording these costs as regulatory assets, management believes the costs will be allowable under existing rate-making concepts that are embodied in rat orders received by SCE&G. However, ultimate recovery is subject to SCPSC approval. In the future, as a result of deregulation or other changes in the regulatory environment, the Company may no longer meet the criteria for continued application of SFAS 71 and could be required to write off its regulatory assets and liabilities. Such an event could have a material adverse effect on the Company's results of operations, liquidity or financial position in the period the write-off would be recorded.

C. Affiliated Transactions

Carolina Gas Transmission Corporation (CGTC) transports natural gas to the Company to supply certain electric generation requirements and to serve SCE&G's retail gas customers. SCE&G had approximately \$1.9 million payable to CGTC for transportation services at June 30, 2008 and \$1.5 million at December 31, 2007.

Total interest expense, based on market interest rates, associated with the Company's borrowings from affiliated companies was \$1.1 million and \$2.0 million for the three and six months ended June 30, 2008, respectively. Total interest expense was \$1.3 million and \$2.2 million for the three and six months ended June 30, 2007, respectively. Total interest income from investments with affiliated companies for the three and six months ended June 30, 2008 and 2007 was not significant. At June 30, 2008 and December 31, 2007, the Company owed an affiliate \$145.7 million and \$118.9 million, respectively, arising from advances from a consolidated cash management utility money pool.

SCE&G purchases natural gas and related pipeline capacity from SCANA Energy Marketing, Inc. (SEMI) to supply its Jasper County Electric Generating Station and to serve its retail gas customers. Such purchases totaled approximately \$97.8 million and \$167.6 million for the three and six months ended June 30, 2008 and \$47.4 million and \$119.9 million for the corresponding periods in 2007. SCE&G's payables to SEMI for such purposes were \$42.0 million at June 30, 2008 and \$12.0 million at December 31, 2007.

SCE&G holds equity-method investments in two partnerships that were involved in converting coal to synthetic fuel. SCE&G's receivables from and payables to these affiliated companies were each less than \$0.1 million at June 30, 2008. At December 31, 2007, these amounts were \$28.8 million (receivables) and \$26.9 million (payables). SCE&G did not purchase synthetic fuel from these affiliated companies for the six months ended June 30, 2008, and made \$140.5 million of such purchases during the corresponding period in 2007. SCE&G's investment in the two partnerships is expected to be liquidated in 2008 as a result of the expiration of the synthetic fuel tax credits program at the end of 2007.

SCE&G purchases shaft horsepower from a cogeneration facility. The facility is owned by a limited liability company (LLC) in which SCANA holds an equity method investment. SCE&G's payables to the LLC were \$2.1 million at June 30, 2008 and December 31, 2007. SCE&G purchased \$6.9 million and \$14.7 million of shaft horsepower from the LLC for the three and six months ended June 30, 2008, respectively, and purchased \$6.1 million and \$13.4 million of shaft horsepower from the LLC for the three and six months ended June 30, 2007, respectively.

D. Pension and Other Postretirement Benefit Plans

The Company participates in SCANA's noncontributory defined benefit pension plan, which covers substantially all permanent employees, and also participates in SCANA's unfunded postretirement health care and life insurance programs, which provide benefits to active and retired employees. The Company's net periodic benefit income from the pension plan was \$4.5 million and \$9.1 million for the three and six months ended June 30, 2008, respectively, and was \$5.1 million and \$10.2 million for the corresponding periods in 2007. Net periodic benefit cost for the postretirement plan was \$3.4 million and \$6.7 million for the three and six months ended June 30, 2008, respectively, and was \$3.7 million and \$7.3 million for the corresponding periods in 2007.

E. New Accounting Matters

SFAS 161, "Disclosure about Derivative Instruments and Hedging Activities," was issued in March 2008. SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities to include how derivative instruments are accounted for and the effect of such activities on the entity's financial statements. SFAS 161 is effective for fiscal years beginning after November 15, 2008. The Company has not determined what impact, if any, the adoption will have on the Company's results of operations, cash flows or financial position. The Company believes it will likely be required to provide additional disclosures as part of future financial statements.

SFAS 160, "Noncontrolling Interests in Consolidated Financial Statements," was issued in December 2007. SFAS 160 requires entities to report noncontrolling (minority) interests in subsidiaries as equity. SFAS 160 is effective for fiscal years beginning after December 15, 2008. The Company has not determined what impact, if any, that adoption will have on the Company's results of operations, cash flows or financial position.

SFAS 141(R), "Business Combinations," was issued in December 2007. SFAS 141(R) requires the acquiring entity in a business combination to recognize the assets acquired and the liabilities assumed at their fair values at the acquisition date. SFAS 141(R) also requires the acquirer to disclose all of the information needed to evaluate and understand the nature and financial effect of the business combination. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008. The Company has not determined what impact, if any, that adoption will have on the Company's results of operations, cash flows or financial position.

SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities," was issued in February 2007. SFAS 159 allows entities to measure at fair value many financial instruments and certain other assets and liabilities that are not otherwise required to be measured at fair value. SFAS 159 became effective for fiscal years beginning after November 15, 2007. The Company has not elected to measure at fair value any permitted items that are not otherwise required to be measured at fair value. As a result, SFAS 159 has not had an impact on the Company's results of operations, cash flows or financial position.

The Company adopted SFAS 157, "Fair Value Measurements," in the first quarter of 2008 for financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). As permitted by FASB Staff Position 157-2 (FSP FAS 157-2), the Company will adopt SFAS 157 for all other nonfinancial assets and liabilities in the first quarter of 2009. SFAS 157 establishes a framework for measuring the fair value of assets and liabilities recognized in the financial statements in periods subsequent to initial recognition. The initial adoption of SFAS 157 did not impact the Company's results of operations, cash flows or financial position.

The Company relies on market transactions to determine the fair value of derivative instruments. At June 30, 2008, fair value measurements, and the level within the fair value hierarchy of SFAS 157 in which the measurements fall, were as follows:

Fair Value Measurements at June 30, 2008 Using

Millions of dollars	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Derivative instruments	\$40	-	-
Liabilities:			
Derivative instruments	48	-	-

F. Income and Other Taxes

In June 2008, the Company received an unfavorable decision in its litigation of a state tax issue, which denied the Company a refund of state income tax. Although the decision was rendered by the court of last resort, the Company has asked for the court to rehear the case. It is reasonably possible that the case could be reheard and if reheard, a favorable decision could be rendered within twelve months. In 2007, the Company removed \$15 million of previously recorded tax benefit from its balance sheet related to this item, in connection with the initial adoption of FIN 48, "Accounting for Uncertainty in Income Taxes". As a result, the unfavorable decision has had no impact on the Company's results of operations, cash flows or financial position. If the rehearing is decided in favor of the Company, any change to the unrecognized tax benefit will be within a range of \$0 to \$15 million. The impact on any individual year's effective tax rate would be immaterial, because any tax benefit recorded would be amortized into earnings over a number of years under SFAS 71. No other material changes in the status of the Company's tax positions have occurred through June 30, 2008.

G. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss, comprised of the deferred cost of employee benefit plans, totaled \$7.6 million as of June 30, 2008 and December 31, 2007.

2. RATE AND OTHER REGULATORY MATTERS

Electric

On May 30, 2008, SCE&G filed a combined application with the SCPSC and the South Carolina Office of Regulatory Services (ORS) pursuant to the Base Load Review Act (the BLRA), seeking a certificate of environmental compatibility and public convenience and necessity and for a base load review order, relating to proposed construction by SCE&G and South Carolina Public Service Authority (Santee Cooper) to build and operate two new nuclear generating units at the existing V. C. Summer Nuclear Station site. Based on the application, the SCPSC will review and rule on the prudence of SCE&G's decision to build nuclear generation. The SCPSC is required to issue an order on the application by February 2009. If SCE&G's decision is found to be prudent, that finding will be binding on all future revised rate proceedings or general rate proceedings so long as the construction proceeds in accordance with the schedules, estimates and projections, including contingencies set forth in the approved application. In addition, beginning with the initial proceeding, SCE&G will be allowed to file revised rates with the SCPSC each year to incorporate any nuclear construction work in progress incurred. Requested rate adjustments would be based on SCE&G's updated cost of debt and capital structure. The rate design will be based on the rates approved in SCE&G's December 2007 electric rate order described below.

On March 31, 2008 SCE&G and Santee Cooper filed an application with the Nuclear Regulatory Commission (NRC) for a combined construction and operating license (COL). The COL, if approved, would authorize SCE&G and Santee Cooper to build and operate the nuclear generating units referred to above. The NRC's review process is expected to last approximately three to four years. Upon approval from the SCPSC discussed above, construction could begin shortly thereafter, with a projected in-service date of 2016 for the first unit.

In a December 2007 order the SCPSC granted SCE&G an increase in retail electric revenues of approximately \$76.9 million, or 4.4%, based on a test year calculation. The order granted an allowed return on common equity of 11%. The new rate became effective January 1, 2008.

In the December 2007 order, the SCPSC also extended through 2015 its approval of the accelerated capital recovery plan for SCE&G's Cope Generating Station. Under the plan, in the event that SCE&G would otherwise earn in excess of its maximum allowed return on common equity, SCE&G may increase depreciation of its Cope Generating Station up to \$36 million annually without additional approval of the SCPSC. Any unused portion of the \$36 million in any given year may be carried forward for possible use in the immediately following year. No such additional depreciation has been recognized.

In October 2007 the SCPSC approved SCE&G's request to increase the storm damage reserve cap from \$50 million to \$100 million. In addition, the SCPSC approved SCE&G's request to apply certain transmission and distribution insurance premiums against the reserve until SCE&G files its next retail electric rate case.

In May 2007, South Carolina law was changed to revise the statutory definition of fuel costs to include certain variable environmental costs such as ammonia, lime, limestone and catalysts consumed in reducing or treating emissions. The revised definition also includes the cost of emission allowances used for sulfur dioxide, nitrogen oxide, and mercury and particulates.

SCE&G's rates are established using a cost of fuel component approved by the SCPSC which may be modified periodically to reflect changes in the price of fuel purchased by SCE&G. In May 2006 SCE&G agreed to spread the recovery of previously under-collected fuel costs of \$38.5 million over a two-year period.

Gas

On June 13, 2008 SCE&G filed an application with the SCPSC requesting an increase in retail natural gas rates of 0.87% under the terms of the Natural Gas Rate Stabilization Act (Stabilization Act). The Stabilization Act is designed to reduce the volatility of cost charged to customers by allowing for more time recovery of the cost that regulate utilities incur related to natural gas service infrastructure. The SCPSC is expected to review SCE&G's filing in October 2008. If approved, the rate adjustment would be implemented with the first billing cycle in November 2008.

In October 2007 the SCPSC approved an increase in retail natural gas rates of 0.9% under the terms of the Stabilization Act. The rate adjustment was effective with the first billing cycle in November 2007.

SCE&G's tariffs include a purchased gas adjustment (PGA) clause that provides for the recovery of actual gas costs incurred including costs related to hedging natural gas purchasing activities. SCE&G's rates are calculated using a methodology which adjusts the cost of gas monthly based on a twelve-month rolling average.

3. LONG-TERM DEBT

On January 14, 2008 SCE&G issued \$250 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. Proceeds from the sale of these bonds were used to repay short-term debt primarily incurred as a result of SCE&G's construction program and for general corporate purposes. Concurrent with this issuance, SCE&G terminated several 30-year forward-starting swaps having an aggregate notional amount of \$250 million. The resulting loss of \$14.0 million on the settlement of these swaps will be amortized over the life of the bonds.

On May 30, 2008 South Carolina Generating Company, Inc. (GENCO) issued \$80 million in notes bearing an annual interest rate of 6.06% and maturing on June 1, 2018. Proceeds from the sale of the notes were used to repay short-term debt primarily incurred as a result of GENCO's construction program. An additional \$80 million is expected to be issued in October 2008 with similar terms.

On June 24, 2008, SCE&G issued \$110 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. Proceeds from the sale of these bonds were used to repay short term debt and for general corporate purposes. Concurrent with this issuance, SCE&G terminated a treasury lock having a notional amount of \$110 million. The resulting gain of approximately \$0.5 million will be amortized over the life of the bonds.

Substantially all of SCE&G's and GENCO's electric utility plant is pledged as collateral in connection with long-term debt. The Company is in compliance with all debt covenants.

4. FINANCIAL INSTRUMENTS

The Company's regulated gas operations hedge natural gas purchasing activities using over-the-counter options and swaps and New York Mercantile Exchange (NYMEX) futures and options. The Company's tariffs include a purchased gas adjustment (PGA) clause that provides for the recovery of actual gas costs incurred. The SCPSC has ruled that the results of these hedging activities are to be included in the PGA. As such, the cost of related derivatives utilized to hedge gas purchasing activities are recoverable through the weighted average cost of gas calculation. The offset to the change in fair value of these derivatives is recorded as a regulatory asset or liability.

5. COMMITMENTS AND CONTINGENCIES

Reference is made to Note 10 to the consolidated financial statements appearing in SCE&G's Annual Report on Form 10-K for the year ended December 31, 2007. Commitments and contingencies at June 30, 2008 include the following:

A. Nuclear Insurance

The Price-Anderson Indemnification Act deals with public liability for a nuclear incident and establishes the liability limit for third-party claims associated with any nuclear incident at \$10.8 billion. Each reactor licensee is currently liable for up to \$100.6 million per reactor owned for each nuclear incident occurring at any reactor in the United States, provided that not more than \$15 million of the liability per reactor would be assessed per year. SCE&G's maximum assessment, based on its two-thirds ownership of Summer Station, would be \$67.1 million per incident, but not more than \$10 million per year.

SCE&G currently maintains policies (for itself and on behalf of Santee Cooper, the one-third owner of Summer Station) with Nuclear Electric Insurance Limited. The policies, covering the nuclear facility for property damage, excess property damage and outage costs, permit retrospective assessments under certain conditions to cover insurer's losses. Based on the current annual premium, SCE&G's portion of the retrospective premium assessment would not exceed \$14.1 million.

To the extent that insurable claims for property damage, decontamination, repair and replacement and other costs and expenses arising from a nuclear incident at Summer Station exceed the policy limits of insurance, or to the extent such insurance becomes unavailable in the future, and to the extent that SCE&G's rates would not recover the cost of any purchased replacement power, SCE&G will retain the risk of loss as a self-insurer. SCE&G has no reason to anticipate a serious nuclear incident at Summer Station. However, if such an incident were to occur, it would have a material adverse impact on SCE&G's results of operations, cash flows and financial position.

B. Environmental

The United States Environmental Protection Agency (EPA) issued a final rule in 2005 known as the Clean Air Interstate Rule (CAIR). CAIR requires the District of Columbia and 28 states, including South Carolina, to reduce nitrogen oxide and sulfur dioxide emissions in order to attain mandated state levels. CAIR had set emission limits to be met in two phases beginning in 2010 and 2015, respectively, for nitrogen oxide and beginning in 2010 and 2015, respectively, for sulfur dioxide. Numerous states, environmental organizations, industry groups and individual companies challenged the rule, seeking a change in the method CAIR used to allocate sulfur dioxide emission allowances. On July 11, 2008, the United States Court of Appeals for the District of Columbia Circuit vacated the rule in its entirety and remanded it to the EPA for further rulemaking. Prior to the Court of Appeals decision, SCE&G and GENCO had determined that additional air quality controls would be needed to meet the CAIR requirements, including the installation of selective catalytic reactor (SCR) technology at Cope Station for nitrogen oxide reduction and wet limestone scrubbers at both Wateree and Williams Stations for sulfur dioxide reduction. SCE&G and GENCO have already begun to install this equipment, and expect to incur capital expenditures totaling approximately \$560 million through 2010. The Company cannot predict when the EPA will issue a revised rule or what impact the rule will have on SCE&G and GENCO. Any costs incurred to comply with this vacated rule or other rules issued by the EPA in the future are expected to be recoverable through rates.

The EPA issued a final rule referred to as the Clean Air Mercury Rule (CAMR) in 2005 establishing a mercury emission cap and trade program for coal-fired power plants that required limits to be met in two phases, in 2010 and 2018. Numerous parties challenged the rule. On February 8, 2008, the United States Circuit Court for the District of Columbia vacated the rule for electric utility steam generating units. The Company cannot predict the effect of this ruling on implementation of CAMR state implementation plans (SIP) and newly promulgated CAMR regulations by the states.

SCE&G has been named, along with 53 others, by the EPA as a potentially responsible party (PRP) at the Alternate Energy Resources, Inc. (AER) Superfund site located in Augusta, Georgia. The EPA placed the site on the National Priorities List in April 2006. AER conducted hazardous waste storage and treatment operations from 1975 to 2000, when the site was abandoned. While operational, AER processed fuels from waste oils, treated industrial coolants and oil/water emulsions, recycled solvents and blended hazardous waste fuels. During that time, SCE&G occasionally used AER for the processing of waste solvents, oily rags and oily wastewater. The EPA and the State of Georgia have documented that a release or releases have occurred at the site, leading to contamination of groundwater, surface water and soils. The EPA and the State of Georgia have conducted a preliminary assessment and site inspection. The site has not been remediated nor has a clean-up cost been estimated. Although a basis for the allocation of clean-up costs among the PRPs is unclear, SCE&G does not believe that its involvement at this site would result in allocation of costs that would have a material adverse impact on its results of operations, cash flows or financial condition. Any costs allocated to SCE&G arising from the remediation of this site, net of insurance recoveries, is expected to be recoverable through rates.

SCE&G has been named, along with 29 others, by the EPA as a PRP at the Carolina Transformer Superfund site located in Fayetteville, North Carolina. The Carolina Transformer Company (CTC) conducted an electrical transformer rebuilding and repair operation at the site from 1959 to 1986. During that time, SCE&G occasionally used CTC for the repair of existing transformers, purchase of new transformers and sale of used transformers. In 1984, the EPA initiated a remediation of PCB-contaminated soil and groundwater at the site. The EPA reports that it has spent \$36 million to date. In 2008, SCE&G, along with other parties, reached a settlement with the EPA and the U.S. Department of Justice on this matter. The settlement, which is subject to court approval, would result in an allocation of cost, net of insurance recoveries, to SCE&G that is not material, and such cost is expected to be recoverable through rates.

SCE&G is responsible for four decommissioned MGP sites in South Carolina which contain residues of by-product chemicals. These sites are in various stages of investigation, remediation and monitoring under work plans approved by the South Carolina Department of Health and Environmental Control. SCE&G anticipates that major remediation activities at these sites will continue until 2012 and will cost an additional \$14.0 million. In addition, the National Park Service of the Department of the Interior made an initial demand to SCE&G for payment of \$9.1 million for certain costs and damages relating to the MGP site in Charleston, South Carolina. SCE&G expects to recover any cost arising from the remediation of these four sites, net of insurance recoveries, through rates. At June 30, 2008, deferred amounts, net of amounts previously recovered through rates and insurance settlements, totaled \$19.5 million.

C. Claims and Litigation

In May 2004, SCANA and SCE&G were served with a purported class action lawsuit styled as Douglas E. Gressette, individually and on behalf of other persons similarly situated v. South Carolina Electric & Gas Company and SCANA Corporation. The case was filed in South Carolina's Circuit Court of Common Pleas for the Ninth Judicial Circuit. The plaintiff alleges that SCANA and SCE&G made improper use of certain easements and rights-of-way by allowing fiber optic communication lines and/or wireless communication equipment to transmit communications other than SCANA's and SCE&G's electricity-related internal communications. The plaintiff asserted causes of action for unjust enrichment, trespass, injunction and declaratory judgment. The plaintiff did not assert a specific dollar amount for the claims. SCANA and SCE&G believe their actions are consistent with governing law and the applicable documents granting easements and rights-of-way. The Circuit Court granted SCANA's and SCE&G's motion to dismiss and issued an order dismissing the case in June 2005. The plaintiff appealed to the South Carolina Supreme Court. The Supreme Court overruled the Circuit Court in October 2006 and returned the case to the Circuit Court for further consideration. In June 2007, the Circuit Court issued a ruling that limits the plaintiff's purported class to owners of easements situated in Charleston County, South Carolina. The South Carolina Court of Appeals dismissed the plaintiff's appeal of this ruling determining that the Circuit court ruling is not immediately appealable. On February 27, 2008 the Circuit Court issued an order to conditionally certify the class, which remains limited to easements in Charleston County. The plaintiff has moved to add SCANA Communications, Inc. (SCI) to the lawsuit as an additional defendant. This motion was granted by the Court and SCI was served with the complaint on July 14, 2008. SCANA, SCI and SCE&G will continue to mount a vigorous defense and believe that the resolution of these claims will not have a material adverse impact on their results of operations, cash flows or financial condition.

A complaint was filed in October 2003 against SCE&G by the State of South Carolina alleging that SCE&G violated the Unfair Trade Practices Act by charging municipal franchise fees to some customers residing outside a municipality's limits. The complaint sought restitution to all affected customers and penalties of up to \$5,000 for each separate violation. The claim against SCE&G was settled by an agreement between the parties, and the settlement was approved in 2004 by South Carolina's Circuit Court of Common Pleas for the Fifth Judicial Circuit. In addition, SCE&G filed a petition with the SCPSC in October 2003 pursuant to S. C. Code Ann. R.103-836. The petition requests that the SCPSC exercise its jurisdiction to investigate the operation of the municipal franchise fee collection requirements applicable to SCE&G's electric and gas service; to approve SCE&G's efforts to correct any past franchise fee billing errors, to adopt improvements in the system which will reduce such errors in the future, and to adopt any regulation that the SCPSC deems just and proper to regulate the franchise fee collection process. A hearing on this petition has not been scheduled. The Company believes that the resolution of these matters will not have a material adverse impact on its results of operations, cash flows or financial condition.

The Company is also engaged in various other claims and litigation incidental to its business operations which management anticipates will be resolved without a material adverse impact on the Company's results of operations, cash flows or financial condition.

D. Nuclear Generation

On May 27, 2008, SCE&G and Santee Cooper announced that they had entered into a contractual agreement for the design and construction of two 1,117-megawatt nuclear electric generation units at the site of V. C. Summer Nuclear Station. SCE&G and Santee Cooper will be joint owners and share operating costs and generation output of the two additional units, with SCE&G accounting for 55 percent of the cost and output and Santee Cooper the remaining 45 percent. The first unit is expected to come on line in 2016, the second in 2019. SCE&G's share of the estimated cash outlays (future value) total \$5.411 billion for plant costs and \$636 million for transmission costs.

6. SEGMENT OF BUSINESS INFORMATION

The Company's reportable segments are listed in the following table. The Company uses operating income to measure profitability for its regulated operations. Therefore, earnings available to the common shareholder are not allocated to the Electric Operations and Gas Distribution segments. Intersegment revenues were not significant. All Other includes equity method investments.

Millions of Dollars	External Revenue	Operating Income (Loss)	Earnings (Loss) Available to Common Shareholder	Segment Assets
<i>Three Months Ended June 30, 2008</i>				
Electric Operations	\$ 579	\$ 129	n/a	
Gas Distribution	119	(1)	n/a	
All Other	-	-	\$ -	
Adjustments/Eliminations	-	(1)	58	
Consolidated Total	\$ 698	\$ 127	\$ 58	
<i>Six Months Ended June 30, 2008</i>				
Electric Operations	\$ 1,070	\$ 226	n/a	\$ 6,119
Gas Distribution	321	27	n/a	502
All Other	-	-	\$ -	-
Adjustments/Eliminations	-	(2)	115	1,706
Consolidated Total	\$ 1,391	\$ 251	\$ 115	\$ 8,327
<i>Three Months Ended June 30, 2007</i>				
Electric Operations	\$ 472	\$ 111	n/a	
Gas Distribution	103	-	n/a	
All Other	-	-	\$ (4)	
Adjustments/Eliminations	-	(2)	56	
Consolidated Total	\$ 575	\$ 109	\$ 52	
<i>Six Months Ended June 30, 2007</i>				
Electric Operations	\$ 917	\$ 166	n/a	\$ 5,746
Gas Distribution	292	27	n/a	463
All Other	-	-	\$ (10)	-
Adjustments/Eliminations	-	(3)	97	1,501
Consolidated Total	\$ 1,209	\$ 190	\$ 87	\$ 7,710

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SOUTH CAROLINA ELECTRIC & GAS COMPANY

The following discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in South Carolina Electric & Gas Company's (SCE&G, and together with its consolidated affiliates, the Company) Annual Report on Form 10-K for the year ended December 31, 2007.

RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2008 AS COMPARED TO THE CORRESPONDING PERIODS IN 2007

Net Income

Net income was as follows:

Millions of dollars	Second Quarter		Year to Date	
	2008	2007	2008	2007
Net income	\$ 60.2	\$ 53.7	\$ 119.1	\$ 91.1

Second Quarter

Net income increased primarily due to higher electric margin of \$14.1 million and higher gas margin of \$0.6 million, partially offset by increased operation and maintenance expense of \$4.8 and other taxes of \$2.8 million. These amounts are on an after-tax basis.

Year to Date

Net income increased primarily due to higher electric margin of \$33.8 million and higher gas margin of \$2.7 million, partially offset by increased operation and maintenance expense of \$5.0 million and other taxes of \$4.5 million. These amounts are on an after-tax basis.

Dividends Declared

The Company's Board of Directors has declared the following dividends on common stock held by SCANA Corporation (SCANA) during 2008:

Declaration Date	Amount	Quarter Ended	Payment Date
February 14, 2008	\$40.7 million	March 31, 2008	April 1, 2008
April 24, 2008	40.8 million	June 30, 2008	July 1, 2008
July 31, 2008	41.3 million	September 30, 2008	October 1, 2008

Electric Operations

Electric Operations is comprised of the electric operations of SCE&G, South Carolina Generating Company, Inc. (GENCO) and South Carolina Fuel Company, Inc. (SCFC). Electric operations sales margin (including transactions with affiliates) was as follows:

Millions of dollars	Second Quarter		Year to Date	
	2008	% Change	2008	% Change
Operating revenues	\$ 578.8	22.6%	\$ 1,069.8	16.7%
Less: Fuel used in electric generation	227.4	48.7%	404.3	30.9%
Purchased power	16.2	*	20.9	16.1%
Margin	\$ 335.2	7.3%	\$ 644.6	9.3%

*Greater than 100%

Second Quarter

Margin increased by \$17.3 million due to increased retail electric rates that went into effect in January 2008 and \$4.1 million due to customer growth and usage, partially offset by lower off-system sales of \$0.6 million.

Year to Date

Margin increased by \$34.8 million due to increased retail electric rates that went into effect in January 2008, by \$10.7 million due to customer growth and usage, by \$5.6 million due to higher off-system sales and by \$1.7 million due to higher industrial sales.

Gas Distribution

Gas Distribution is comprised of the local distribution operations of SCE&G. Gas distribution sales margin (including transactions with affiliates) was as follows:

Millions of dollars	Second Quarter		Year to Date	
	2008	% Change	2008	% Change
Operating revenues	\$ 119.3	15.6%	\$ 321.6	10.0%
Less: Gas purchased for resale	95.9	18.5%	245.2	11.3%
Margin	\$ 23.4	4.9%	\$ 76.4	6.1%

Second Quarter

Margin increased by \$0.9 million due to the Public Service Commission of South Carolina (SCPSC)-approved increase in retail gas base rates which became effective with the first billing cycle of November 2007 and by \$0.2 million due to customer growth.

Year to Date

Margin increased by \$2.8 million due to the SCPSC-approved increase in retail gas base rates which became effective with the first billing cycle of November 2007 and by \$1.5 million due to customer growth.

Other Operating Expenses

Other operating expenses were as follows:

Millions of dollars	Second Quarter		Year to Date	
	2008	% Change	2008	% Change
Other operation and maintenance	\$ 124.7	6.7%	\$ 254.2	3.3%
Depreciation and amortization	67.6	(8.6)%	135.5	(11.6)%
Other taxes	39.7	13.1%	79.7	9.9%

Second Quarter

Other operation and maintenance expenses increased \$5.3 million due to higher generation, transmission and distribution expenses. Depreciation and amortization expense decreased \$7.1 million due to the expiration of the synthetic fuel tax credits program (see *Income Taxes-Recognition of Synthetic Fuel Tax Credits*) and \$2.1 million due to the expiration of a three year amortization of deferred purchased power, partially offset by an increase of \$2.9 million due to property additions. Other taxes increased due to higher property taxes.

Year to Date

Other operation and maintenance expenses increased \$2.7 million due to higher generation, transmission and distribution expenses and \$2.6 million higher incentive and other benefit costs. Depreciation and amortization expense decreased \$19.1 million due to the expiration of the synthetic fuel tax credits program (see *Income Taxes-Recognition of Synthetic Fuel Tax Credits*) and \$4.3 million due to the expiration of a three year amortization of deferred purchased power, partially offset by an increase of \$5.8 million due to property additions. Other taxes increased due to higher property taxes.

Income Taxes

Income tax expense increased primarily due to changes in operating income and the recognition of no synthetic fuel tax credits during the first half of 2008 compared to \$7.1 million and \$18.5 million for the three and six months ended June 30, 2007, respectively.

Recognition of Synthetic Fuel Tax Credits

SCE&G holds equity-method investments in two partnerships that were involved in converting coal to synthetic fuel, the use of which fuel qualified for federal income tax credits. Under an accounting methodology approved by the SCPSC in a January 2005 order, construction costs related to the Lake Murray back-up dam project were recorded in utility plant in service in a special dam remediation account, outside of rate base, and depreciation was recognized against the balance in this account on an accelerated basis, subject to the availability of the synthetic fuel tax credits. The synthetic fuel tax credit program expired at the end of 2007.

For 2007, the level of depreciation expense and related tax benefit recognized in the income statement was equal to the available synthetic fuel tax credits, less partnership losses and other expenses, net of taxes. As a result, the balance of unrecovered costs in the dam remediation account declined as accelerated depreciation was recorded. Although these entries collectively had no impact on consolidated net income, they did have a significant impact on individual line items within the income statement, as follows:

Millions of dollars	Three Months Ended June 30, 2007	Six Months Ended June 30, 2007
Depreciation and amortization expense	\$ (7.1)	\$ (19.1)
Income tax benefits:		
From synthetic fuel tax credits	6.8	17.7
From accelerated depreciation	2.7	7.3
From partnership losses	1.5	3.6
Total income tax benefits	11.0	28.6
Losses from Equity Method Investments	(3.9)	(9.5)
Impact on Net Income	\$ -	\$ -

Available credits were not sufficient to fully recover the construction costs of dam remediation, therefore, regulatory action to allow recovery of those remaining costs will be sought. In addition, SCE&G records non-cash carrying costs on the unrecovered investment, which amounts were \$1.4 million and \$1.3 million in the second quarter of 2008 and 2007, respectively. As of June 30, 2008, remaining unrecovered costs, including carrying costs, were \$71.2 million. The Company expects these costs to be recoverable through rates.

LIQUIDITY AND CAPITAL RESOURCES

The Company anticipates that its contractual cash obligations will be met through internally generated funds, the incurrence of additional short- and long-term indebtedness and sales of equity securities. The Company expects that it has or can obtain adequate sources of financing to meet its projected cash requirements for the foreseeable future. The Company's ratios of earnings to fixed charges for the 6 and 12 months ended June 30, 2008 were 3.31 and 3.77, respectively. The Company's ratios of earnings to combined fixed charges and preference dividends for the same periods were 3.10 and 3.52, respectively.

The Company's cash requirements arise primarily from its operational needs, funding its construction programs and payment of dividends to SCANA. The ability of the Company to replace existing plant investment, to expand to meet future demand for electricity and gas and to install equipment necessary to comply with environmental regulations will depend upon its ability to attract the necessary financial capital on reasonable terms. SCE&G recovers the costs of providing services through rates charged to customers. Rates for regulated services are generally based on historical costs. As customer growth and inflation occur and SCE&G continues its ongoing construction program, SCE&G expects to seek increases in rates. The Company's future financial position and results of operations will be affected by SCE&G's ability to obtain adequate and timely rate and other regulatory relief, if requested.

The Company's issuance of various securities, including short- and long-term debt, is subject to customary approval or authorization by state and federal regulatory bodies including the SCPSC and FERC.

On January 14, 2008 SCE&G issued \$250 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. Proceeds from the sale of these bonds were used to repay short-term debt primarily incurred as a result of SCE&G's construction program and for general corporate purposes. Concurrent with this issuance, SCE&G terminated several 30-year forward-starting swaps having an aggregate notional amount of \$250 million. The resulting loss of approximately \$14.0 million on the settlement of these swaps will be amortized over the life of the bonds.

On May 30, 2008 GENCO issued \$80 million in notes bearing an annual interest rate of 6.06% and maturing on June 1, 2018. Proceeds from the sale of the notes were used to repay short-term debt primarily incurred as a result of GENCO's construction program. An additional \$80 million is expected to be issued in October 2008 with similar terms.

On June 24, 2008, SCE&G issued \$110 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. Proceeds from the sale of these bonds were used to repay short term debt and for general corporate purposes. Concurrent with this issuance, SCE&G terminated a treasury lock having a notional amount of \$110 million. The resulting gain of approximately \$0.5 million will be amortized over the life of the bonds.

SCE&G and GENCO have obtained Federal Energy Regulatory Commission (FERC) authority to issue short-term indebtedness (pursuant to Section 204 of the Federal Power Act). SCE&G may issue up to \$700 million of unsecured promissory notes or commercial paper with maturity of one year or less, and GENCO may issue up to \$100 million of short-term indebtedness. FERC's approval expires in February 2010.

Nuclear Generation

On May 27, 2008, SCE&G and Santee Cooper, a state owned utility in South Carolina (joint owners of V. C. Summer Nuclear Station) announced that they had entered into a contractual agreement for the design and construction of two 1,117-megawatt nuclear electric generation units at the site of V. C. Summer Nuclear Station. SCE&G and Santee Cooper will be joint owners and share operating costs and generation output of the two additional units, with SCE&G accounting for 55 percent of the cost and output and Santee Cooper the remaining 45 percent. The first unit is expected to come on line in 2016, the second in 2019. SCE&G's share of the estimated cash outlays are as follows:

Future Value Millions of dollars	2007	2008	2009-2010	2011-2012	After 2012	Total
Plant Costs	\$ 21	\$ 183	\$ 1,095	\$ 1,431	\$ 2,681	\$ 5,411
Transmission Costs	-	-	-	2	636	638

The above amounts are not reflected in the contractual cash obligations table included in the 2007 Form 10-K.

In addition, on April 1, 2008 SCE&G announced that an agreement had been reached authorizing the purchase of long lead-time materials for up to two new Westinghouse AP 1000 nuclear generating units. While seeking authorization from regulators for two plants and maintaining a position on the schedule for long-lead materials for two plants, SCE&G intends to maintain flexibility as to the number of plants to build, through contractual off-ramps up until the final notice to proceed with construction is granted which SCE&G anticipates will be in 2011.

For information on SCE&G's regulatory filings related to nuclear generation, see Note 2 in the condensed consolidated financial statements.

ENVIRONMENTAL AND REGULATORY MATTERS

The United States Environmental Protection Agency (EPA) issued a final rule in 2005 known as the Clean Air Interstate Rule (CAIR). CAIR requires the District of Columbia and 28 states, including South Carolina, to reduce nitrogen oxide and sulfur dioxide emissions in order to attain mandated state levels. CAIR had set emission limits to be met in two phases beginning in 2009 and 2015, respectively, for nitrogen oxide and beginning in 2010 and 2015, respectively, for sulfur dioxide. Numerous states, environmental organizations, industry groups and individual companies challenged the rule, seeking a change in the method CAIR used to allocate sulfur dioxide emission allowances. On July 11, 2008, the United States Court of Appeals for the District of Columbia Circuit vacated the rule in its entirety and remanded it to the EPA for further rulemaking. Prior to the Court of Appeals' decision, SCE&G and GENCO had determined that additional air quality controls would be needed to meet the CAIR requirements, including the installation of selective catalytic reactor (SCR) technology at Cope Station for nitrogen oxide reduction and wet limestone scrubbers at both Wateree and Williams Stations for sulfur dioxide reduction. SCE&G and GENCO have already begun to install this equipment, and expect to incur capital expenditures totaling approximately \$560 million through 2010. The Company cannot predict when the EPA will issue a revised rule or what impact the rule will have on SCE&G and GENCO. Any costs incurred to comply with this vacated rule or other rules issued by the EPA in the future are expected to be recoverable through rates.

The EPA issued a final rule referred to as the Clean Air Mercury Rule (CAMR) in 2005 establishing a mercury emissions cap and trade program for coal-fired power plants that required limits to be met in two phases, in 2010 and 2018. Numerous parties challenged the rule. On February 8, 2008, the United States Circuit Court for the District of Columbia vacated the rule for electric utility steam generating units. The Company cannot predict the effect of this ruling on implementation of CAMR state implementation plans (SIP) and newly promulgated CAMR regulations by the states.

See notes to the condensed consolidated financial statements for additional information related to environmental matters (Note 5B) and regulatory matters (Note 2).

OTHER MATTERS

For additional information related to claims and litigation, see Note 5C to the condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

All financial instruments held by the Company described below are held for other than trading purposes.

Interest rate risk - The table below provides information about long-term debt issued by the Company which is sensitive to changes in interest rates. The table presents principal cash flows and related weighted average interest rates by expected maturity dates. Fair value represents quoted market prices.

As of June 30, 2008	Expected Maturity					There-		Fair
Millions of dollars	2008	2009	2010	2011	2012	after	Total	Value
Long-Term Debt Issued:								
Fixed Rate (\$)	3.7	103.7	10.4	164.9	11.0	2,096.9	2,390.6	2,398.4
Average Interest Rate (%)	7.78	6.18	6.31	6.70	4.98	5.88	5.95	

While a decrease in interest rates would increase the fair value of debt, it is unlikely that events which would result in a significant realized loss will occur.

Commodity price risk - The following table provides information about the Company's financial instruments that are sensitive to changes in natural gas prices. Weighted average settlement prices are per 10,000 dekatherms. Fair value represents quoted market prices.

Expected Maturity:

	Futures Contracts			Options	
	Long	Short		Purchased Call Long	Purchased Put Long
2008			Strike Price (a)		
Settlement Price (a)	13.74	13.14	Contract Amount (b)	10.25	8.79
Contract Amount (b)	9.1	7.1	Fair Value (b)	14.5	23.6
Fair Value (b)	14.3	6.6		5.2	(0.1)
2009			Strike Price (a)		
Settlement Price (a)	13.26		Contract Amount (b)	12.59	8.44
Contract Amount (b)	18.5		Fair Value (b)	27.2	22.4
Fair Value (b)	27.4			6.0	(0.4)

(a) Weighted average, in dollars

(b) Millions of dollars

Swaps	2008	2009
Commodity Swaps:		
Pay fixed/receive variable (b)	33.7	48.0
Average pay rate (a)	9.170	9.299
Average received rate (a)	13.782	12.985
Fair value (b)	50.7	67.0
Pay variable /receive fixed (b)	19.5	23.7
Average pay rate (a)	13.799	14.275
Average received rate (a)	10.217	12.425
Fair value (b)	14.4	20.7

(a) Weighted average, in dollars

(b) Millions of dollars

ITEM 4T. CONTROLS AND PROCEDURES

As of June 30, 2008, South Carolina Electric & Gas Company (SCE&G) conducted an evaluation under the supervision and with the participation of its management, including its Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of (a) the effectiveness of the design and operation of its disclosure controls and procedures and (b) any change in its internal control over financial reporting. Based on this evaluation, the CEO and CFO concluded that, as of June 30, 2008, SCE&G's disclosure controls and procedures were effective. There has been no change in SCE&G's internal control over financial reporting during the quarter ended June 30, 2008 that has materially affected or is reasonably likely to materially affect SCE&G's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In February 2008 the consumer affairs staff (the staff) of the Georgia Public Service Commission (GPSC) recommended that the GPSC open an investigation into whether SCANA Energy Marketing, Inc. (SCANA Energy) had overcharged certain of its customers. The staff asserted that SCANA Energy confused certain customers, charged certain customers in excess of the published price, and failed to give proper notice of an alleged change in methodology for computing variable rates. While SCANA Energy believed the staff's assertions were without merit, in June 2008 SCANA Energy entered into a settlement agreement with the GPSC, agreeing to pay \$1.25 million in the form of credits on certain customers' bills and as a contribution to low-income assistance programs.

On February 26, 2008, a purported class action was filed in U.S. District Court for the Northern District of Georgia, originally styled Weiskircher, et al. v. SCANA Energy Marketing, Inc., containing similar allegations to those alleged by the staff and seeking damages on behalf of a class of Georgia customers. On June 13, 2008, the court dismissed the suit with prejudice. The plaintiffs subsequently filed a motion for reconsideration, which has been denied. While the plaintiffs may appeal the court's decision, SCANA Energy believes the allegations are without merit and will vigorously defend itself. Although the Company cannot predict the final outcome, it believes that a resolution of this matter will not have a material adverse impact on its results of operations, cash flows or financial condition.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

SCANA Corporation:

The following table provides information about purchases by or on behalf of SCANA Corporation (SCANA) or any affiliated purchaser (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended (Exchange Act)) of shares or other units of any class of SCANA's equity securities that are registered pursuant to Section 12 of the Exchange Act:

Issuer Purchases of Equity Securities

Period	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value of shares (or units) that may yet be purchased under the plan or program
April 1-30	333,209	37.87	333,209	
May 1-31	108,601	40.30	108,601	
June 1-30	150,847	39.69	150,847	
Total	592,657		592,657	

*On May 16, 2006 SCANA announced a program to convert from original issue to open market purchase of SCANA common stock for all applicable compensation and dividend reinvestment plans. This program had no stated maximum number of shares that could be purchased. This program expired effective July 1, 2008 when SCANA reverted from open market purchase to original issue of SCANA common stock for all applicable compensation and dividend reinvestment plans.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS (not applicable for South Carolina Electric & Gas Company).

The Annual Meeting of Shareholders of SCANA Corporation Common Stock (No Par Value) was held on April 24, 2008. The following matters were voted upon at the meeting.

1. To elect one (1) Class I Director; one (1) Class II Director and four (4) Class III Directors for the terms specified in the Proxy Statement.

Nominee	Number of Shares Voting For	Number of Shares Voting to Withhold Authority	Total Shares Voted
Bill L. Amick	80,002,392	19,858,920	99,861,312
Sharon A. Decker	98,239,582	1,621,730	99,861,312
D. Maybank Hagood	98,270,189	1,591,123	99,861,312
James M. Micali	98,326,621	1,534,691	99,861,312
James W. Roquemore	98,319,310	1,542,002	99,861,312
William B. Timmerman	97,882,883	1,978,429	99,861,312

2. To approve the appointment of Deloitte & Touche LLP as independent auditors for SCANA Corporation.

	Number of Shares
FOR	98,664,553
AGAINST	733,815
ABSTAIN	462,944
TOTAL	99,861,312

ITEM 6. EXHIBITS

SCANA Corporation (SCANA) and South Carolina Electric & Gas Company (SCE&G):

Exhibits filed or furnished with this Quarterly Report on Form 10-Q are listed in the following Exhibit Index.

As permitted under Item 601(b)(4)(iii) of Regulation S-K, instruments defining the rights of holders of long-term debt of less than 10 percent of the total consolidated assets of SCANA, for itself and its subsidiaries, and of SCE&G, for itself and its consolidated affiliates, have been omitted and SCANA and SCE&G agree to furnish a copy of such instruments to the Commission upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signature of each registrant shall be deemed to relate only to matters having reference to such registrant and any subsidiaries thereof.

SCANA CORPORATION
SOUTH CAROLINA ELECTRIC & GAS COMPANY
(Registrants)

August 5, 2008

By: /s/James E. Swan, IV

James E. Swan, IV
Controller
(Principal accounting officer)

EXHIBIT INDEX

Applicable to Form 10-Q of		Description
Exhibit No.	SCANA SCE&G	
3.01	X	Restated Articles of Incorporation of SCANA Corporation as adopted on April 26, 1989 (Filed as Exhibit 3-A to Registration Statement No. 33-49145 and incorporated by reference herein)
3.02	X	Articles of Amendment dated April 27, 1995 (Filed as Exhibit 4-B to Registration Statement No. 33-62421 and incorporated by reference herein)
3.03	X	Restated Articles of Incorporation of South Carolina Electric & Gas Company, as adopted on May 3, 2001 (Filed as Exhibit 3.01 to Registration Statement No. 333-65460 and incorporated by reference herein)
3.04	X	Articles of Amendment effective as of the dates indicated below and filed as exhibits to the Registration Statements or Exchange Act reports set forth below and are incorporated by reference herein
		May 22, 2001 Exhibit 3.02 to Registration No. 333-65460
		June 14, 2001 Exhibit 3.04 to Registration No. 333-65460
		August 30, 2001 Exhibit 3.05 to Registration No. 333-101449
		March 13, 2002 Exhibit 3.06 to Registration No. 333-101449
		May 9, 2002 Exhibit 3.07 to Registration No. 333-101449
		June 4, 2002 Exhibit 3.08 to Registration No. 333-101449
		August 12, 2002 Exhibit 3.09 to Registration No. 333-101449
		March 13, 2003 Exhibit 3.03 to Registration No. 333-108760
		May 22, 2003 Exhibit 3.04 to Registration No. 333-108760
		June 18, 2003 Exhibit 3.05 to Registration No. 333-108760
		August 7, 2003 Exhibit 3.06 to Registration No. 333-108760
		February 26, 2004 Exhibit 3.05 to Registration No. 333-145208-01
		May 18, 2004 Exhibit 3.06 to Registration No. 333-145208-01
		June 18, 2004 Exhibit 3.07 to Registration No. 333-145208-01
		August 12, 2004 Exhibit 3.08 to Registration No. 333-145208-01
		March 9, 2005 Exhibit 3.09 to Registration No. 333-145208-01
		May 16, 2005 Exhibit 3.10 to Registration No. 333-145208-01
		June 15, 2005 Exhibit 3.11 to Registration No. 333-145208-01
		August 16, 2005 Exhibit 3.12 to Registration No. 333-145208-01
		March 14, 2006 Exhibit 3.13 to Registration No. 333-145208-01
		May 11, 2006 Exhibit 3.14 to Registration No. 333-145208-01
		June 28, 2006 Exhibit 3.15 to Registration No. 333-145208-01
		August 16, 2006 Exhibit 3.16 to Registration No. 333-145208-01
		March 13, 2007 Exhibit 3.17 to Registration No. 333-145208-01
		May 22, 2007 Exhibit 3.18 to Registration No. 333-145208-01
		June 22, 2007 Exhibit 3.19 to Registration No. 333-145208-01
		August 21, 2007 Exhibit 3.01 to Form 8-K filed August 23, 2007
		May 15, 2008 Exhibit 3.01 to Form 8-K filed May 21, 2008
		July 9, 2008 Exhibit 3.01 to Form 8-K filed July 10, 2008
3.05	X	Articles of Correction filed on June 1, 2001 correcting May 22, 2001 Articles of Amendment (Filed as Exhibit 3.03 to Registration Statement No. 333-65460 and incorporated by reference herein)
3.06	X	Articles of Correction filed on February 17, 2004 correcting Articles of Amendment for the dates indicated below and filed as exhibits to Registration Statement No. 333-145208-01 set forth below and are incorporated by reference herein
		May 7, 2001 Exhibit 3.21(a)
		May 22, 2001 Exhibit 3.21(b)
		June 14, 2001 Exhibit 3.21(c)
		August 30, 2001 Exhibit 3.21(d)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2008-____-E – ORDER NO. 2008-____

IN RE: APPLICATION BY SOUTH)	
CAROLINA ELECTRIC & GAS COMPANY)	
FOR AUTHORITY TO BORROW)	
PROCEEDS OF INDUSTRIAL REVENUE)	PROPOSED ORDER
BONDS AND FOR ISSUANCE AND)	GRANTING
DEPOSIT OF FIRST MORTGAGE BONDS)	APPLICATION
)	

1. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of an Application filed on August __, 2008, by South Carolina Electric & Gas Company ("SCE&G"), a corporation organized under the laws of South Carolina, hereby makes application pursuant to §58-27-1710, S.C. Code of Laws (1976) as amended and 26 S.C. Code of Reg. 103-823 (1976) as amended.

SCE&G proposes to enter into a Loan Agreement, in substantially the form attached as Exhibit A to the Application (the "Loan Agreement"), with respect to the issuance by the South Carolina Jobs-Economic Development Authority (the "Authority") of not exceeding Thirty-Five Million Dollars (\$35,000,000) principal amount of industrial revenue bonds (the "Bonds") to defray the cost of certain Pollution Control Facilities (as defined herein) and to enter into the transactions described in this Application, including but not limited to, SCE&G's possible issuance and deposit with a corporate trustee (the "Trustee") of its First Mortgage Bonds (the "Pledged First Mortgage Bonds") issued pursuant to SCE&G's Indenture dated as of April 1,

1993, as supplemented (the "1993 Indenture"), between SCE&G and The Bank of New York Mellon Trust Company, N.A., successor to NationsBank of Georgia, National Association, as trustee (the "New Trustee"), as security for the Bonds.

2. FINDINGS OF FACTS AND CONCLUSIONS OF LAW

A. BUSINESS

SCE&G is an electric utility operating in the State of South Carolina, serving the central, southern and southwestern portions of the State with electric service and furnishing natural gas service throughout its service territory which encompasses all or part of 35 of the 46 counties in South Carolina and covers more than 23,000 square miles.

B. AMOUNT AND CHARACTER OF SECURITIES TO BE ISSUED

1. Terms of Bonds

SCE&G proposes to enter into the Loan Agreement with the Authority, pursuant to which the Authority will agree to issue and sell the Bonds pursuant to a Trust Indenture, in substantially the form attached as Exhibit B to the Application (the "Indenture"), between the Authority and a corporate trustee (the "Trustee"), the terms for the Bonds generally described as follows:

Principal Amount:	\$35,000,000 (maximum) in one or more series
Issue Date:	On or before December 23, 2008
Interest Rate:	Market, may be subject to periodic reset
Maturity Date:	40-year maximum

Call and
Redemption

Features: Market

Sinking Fund: Market, but none required

Estimated Initial
Offering Price: Between 97% and 115% of par

Underwriting
Discount: 1% (maximum) (expected range .5% to .75%)

Redemption Price: Market-estimated to be not in excess of 103% of principal amount

Credit Ratings: Moody's – A2; S&P – A-; Fitch – A+.

As stated in the Application, the interest rates on the Bonds may be reset daily, weekly, or for intermediate or extended periods, or may be fixed to maturity, all as selected from time to time by SCE&G. SCE&G states in the Application that interest paid on the Bonds will be excluded from gross income of the registered owners thereof for federal and South Carolina income tax purposes. SCE&G further states that regardless of whether the Bonds are issued at a variable rate of interest or an interest rate fixed for an intermediate or extended period of time or to maturity, at the time of initial issuance it expects that the interest rate on the Bonds will not exceed 7.0%.

As stated in the Application, SCE&G may elect, at each interest rate reset and subject to the requirements of the Indenture, to reset the interest rate based upon the existing interest determination method, select a different reset period and interest rate determination method or fix the interest rate on the Bonds to maturity. SCE&G states in the Application that, once the election is made to fix the interest rate on the Bonds to maturity, there will be no future interest

rate resets or opportunities to convert the Bonds to a different interest rate or interest determination method.

SCE&G further states that the variety of interest rates and terms allowable under the Indenture permits it to manage the interest cost of the borrowings until such time, if ever, when SCE&G determines market conditions are favorable to fix the interest rate on the Bonds to maturity. As stated in the Application, SCE&G alternatively could take advantage of market conditions by entering into, modifying, amending, or terminating interest rate swaps to effectively change the stream of interest payments from fixed rate to floating rate or vice versa without effecting a conversion or refunding of the Bonds.

SCE&G has stated in the Application that it expects the Bonds to be sold in an underwritten public offering as described in an Official Statement, in substantially the form of the draft Preliminary Official Statement attached as Exhibit C to the Application.

2. Security

SCE&G states that the Bonds may be sold on its general credit and as secured by a pledge to the Trustee of an equal principal amount of Pledged First Mortgage Bonds issued under the 1993 Indenture. The Application states that if issued as security for the Bonds, the Pledged First Mortgage Bonds will be secured primarily by the lien of the 1993 Indenture upon substantially all of the electrical generation, transmission and distribution properties of SCE&G as described in the granting clauses of the 1993 Indenture. SCE&G states that Pledged First Mortgage Bonds may be issued on the basis of unfunded property additions equal to ten-sevenths of the aggregate principal amount of such additional Pledged First Mortgage Bonds, retirement credits, or cash equal to the aggregate principal amount of such

Pledged First Mortgage Bonds. SCE&G further states that the Bonds may also be secured by a bank letter of credit, in which event the Pledged First Mortgage Bonds may also secure SCE&G's repayment obligation under the credit or reimbursement agreement under which the letter of credit is delivered.

3. Net Earnings Test

The Application states that, in general, the issuance of Pledged First Mortgage Bonds under the 1993 Indenture is subject to adjusted net earnings of SCE&G for 12 consecutive months within the preceding 18 months being at least twice the annual interest requirements on mortgage securities at the time outstanding and the Pledged First Mortgage Bonds then to be issued.

4. Maturity and Interest Rate of Pledged First Mortgage Bonds

SCE&G states that it expects that the Pledged First Mortgage Bonds will have a maturity date which will coincide with the maturity of the Bonds and will bear interest at a rate not exceeding the interest rate in effect for the Bonds from time to time.

5. Application of Proceeds

SCE&G states in the Application states that the net proceeds from the sale of the Bonds will be loaned by the Authority to SCE&G pursuant to the Loan Agreement for the purpose of financing a portion of the costs to construct the Pollution Control Facilities and to reimburse prior advances made by SCE&G for such purposes. SCE&G states that federal and State air emissions standards necessitate the addition of certain other equipment at the Plant to include but not be limited to, desulfurization equipment (wet scrubber) (the "Pollution Control Facilities") in connection with the operation of SCE&G's Wateree

generating plant (the "Plant") located within Richland County. SCE&G further states that the Pollution Control Facilities will be capable of reducing sulfur dioxide ("SO₂") emissions at the Plant by at least 95%. The Application states that, as a result of the Clean Air Act Amendments of 1990 and subsequent legislation, regulations and rules, the Environmental Protection Agency and the South Carolina Department of Health and Environmental Control require reduction of SO₂ emissions from coal-fired generating facilities.

C. COMPLIANCE WITH PSC ORDER NO. 91-72

In compliance with the provisions of Order No. 91-72, dated January 18, 1991, Docket No. 91-032-E, SCE&G submitted financial statements and information required by the order.

D. TERMS OF ISSUANCE AND SALE AT MARKET

The Application states that SCE&G may offer and sell one or more series of the Bonds from time to time when market conditions, in SCE&G's judgment, are favorable, in either of three ways:

- A. Underwriters or Dealers. If underwriters are utilized with respect to any series of the Bonds, SCE&G may sell such series pursuant to an appropriate bond purchase agreement to any underwriter or to a group of underwriters to be selected at the time of each such sale.
- B. Private Placement. Private placement to a limited number of purchasers or to a single purchaser, which will require an appropriate sales agreement with respect to such Bonds.

C. Through Agents. SCE&G may offer any series of the Bonds in a private placement or through agents to a limited number of purchasers or to a single purchaser, using an appropriate sales agreement with respect to such Bonds.

SCE&G further states that negotiations at market with the purchaser or purchasers, to be concluded shortly before the offering of each series of the Bonds, will determine the interest rate to be borne by, the maturity date of, the initial offering price of, the price to be paid to SCE&G for, the call provisions of, any underwriting or purchase discount (i.e., the difference between the initial offering price and the price paid by the purchaser underwriter to SCE&G) with respect to, and the redemption prices of, each series of the Bonds. SCE&G states in the Application that the Bonds may be resold subject to the periodic reset of the interest rate therein for varying periods. The Application states that, based on market conditions, SCE&G believes that the initial offering price and any remarketing price usually will not be less than 97% nor more than 115% of the principal amount of such series of Bonds, that any underwriting discount will not exceed 1% of the principal amount of such series of the Bonds, and that the initial regular redemption price, if any, will not exceed 103% of the principal amount of such series of the Bonds. SCE&G has requested in the Application that it be authorized to negotiate, in its judgment, the most favorable initial interest rate or interest rate determination method and terms obtainable on the date each series of the Bonds is sold including, if appropriate, terms, prices and redemption provisions.

After investigation by the South Carolina Office of Regulatory Staff and upon full consideration by the Commission, the Commission is of the opinion, and so finds, that the matters set forth in the Application and the exhibit thereto are proper; that the purpose of the proposed use of the proceeds by SCE&G of the Bonds are is proper; that the proposal to issue the

Bonds are reasonable and proper; and that the proposed alternate methods of offering the Bonds are proper.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED:

- (1) SCE&G is granted a Certificate of Authority stating (a) that the issuance of up to Thirty-Five Million Dollars (\$35,000,000) of Bonds, and the borrowing the proceeds thereof by SCE&G, are reasonably necessary to the financing of the construction herein described and (b) that the value of the Pollution Control Facilities will be equal to or in excess of the amount of loan proceeds to be applied for that purpose.
- (2) The terms and conditions of the Loan Agreement are authorized and approved and SCE&G is authorized and empowered to execute and deliver the Loan Agreement in connection therewith.
- (3) SCE&G is authorized and empowered to issue and deposit with the Trustee as security for SCE&G's obligations under the Loan Agreement and any letter of credit reimbursement agreement not exceeding Thirty-Five Million Dollars (\$35,000,000) aggregate principal amount of Pledged First Mortgage Bonds.
- (4) SCE&G is authorized and empowered to execute and deliver of a bond purchase or sales agreement with respect to the issuance of the Bonds.
- (5) SCE&G is authorized and empowered to negotiate and execute and deliver from time to time letter of credit reimbursement agreements with respect to the Bonds, providing for the delivery of bank letters of credit to enhance the marketability of the Bonds.

- (6) SCE&G is authorized and empowered to enter into, amend, modify and terminate, from time to time, such interest rate swap transactions with respect to the Bonds as SCE&G shall determine to be advisable.
- (7) SCE&G is authorized and empowered to periodically reset the interest rate term and determination method with respect to the Bonds pursuant to the terms of the Indenture.
- (8) SCE&G is authorized and empowered to negotiate the terms of the transaction as described herein and to make such changes in the instruments filed as exhibits to the Application and to negotiate and to enter into other related or supplemental agreements as are reasonably necessary, including, but not limited to, changes in the dates of the documents described herein, to consummate the transactions described herein or hereafter to maintain or preserve such transactions.
- (9) SCE&G shall file with the Commission conformed copies of the instruments (and any amendments, modifications and extensions thereto) in the final form in which they are executed.
- (10) The maximum amount of borrowings and character of the securities issued thereby, as proposed, are reasonably necessary for the purpose for which they are to be issued as described above.
- (11) This Order shall not, in any way, affect or limit the right, duty or jurisdiction of the Commission to further investigate and order revisions, modification or changes with respect to any provisions of this Order in accordance with the law.

(12) This Order shall remain in full force and effect until further Order of the
Commission.

BY ORDER OF THE COMMISSION:

Chairman

ATTEST:

(SEAL)

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2008-____-E – ORDER NO. 2008-____

IN RE: APPLICATION BY SOUTH CAROLINA)	
GENERATING COMPANY, INC. FOR AUTHORITY)	
TO BORROW PROCEEDS OR INDUSTRIAL)	PROPOSED
REVENUE BONDS)	ORDER GRANTING
)	APPLICATION

1. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of an Application filed on August __, 2008, by South Carolina Generating Company, Inc. ("GENCO"), a corporation organized under the laws of South Carolina. The Application was filed pursuant to §58-27-1710, S.C. Code of Laws (1976) as amended and 26 S.C. Code of Reg. 103-823 (1976) as amended.

GENCO proposes to enter into a Loan Agreement, in substantially the form attached as Exhibit A to the Application (the "Loan Agreement"), with respect to the issuance by the South Carolina Jobs-Economic Development Authority (the "Authority") of not exceeding Fifty Million Dollars (\$50,000,000) principal amount of industrial revenue bonds (the "Bonds") to defray the costs of certain Pollution Control Facilities (defined herein).

2. FINDINGS OF FACT AND CONCLUSIONS OF LAW

A. BUSINESS

GENCO is a wholly-owned subsidiary of SCANA Corporation ("SCANA") and an affiliate of South Carolina Electric & Gas Company ("SCE&G"). SCE&G is an electric utility

operating in the State of South Carolina, serving the central, southern and southwestern portions of the State with electric service and it also delivers natural gas service throughout its service territory which encompasses all or part of 35 of the 46 counties in South Carolina and covers more than 23,000 square miles. GENCO owns the Arthur M. Williams generating station (the "Plant"). Pursuant to a Unit Power Sales Agreement, SCE&G purchases from GENCO all of the power generated by the Plant.

B. AMOUNT AND CHARACTER OF SECURITIES TO BE ISSUED

1. Terms of Bonds

GENCO proposes to enter into the Loan Agreement with the Authority, pursuant to which the Authority will agree to issue and sell the Bonds pursuant to a Trust Indenture, in substantially the form attached as Exhibit B to the Application (the "Indenture"), between the Authority and a corporate trustee (the "Trustee"), the terms for the Bonds generally described as follows:

Principal Amount:	\$50,000,000 (maximum) in one or more series
Issue Date:	On or before December 23, 2008
Interest Rate:	Market, may be subject to periodic reset
Maturity Date:	40-year maximum
Call and Redemption Features:	Market
Sinking Fund:	Market, but none required
Estimated Initial Offering Price:	Between 97% and 115% of par

Underwriting
Discount: 1% (maximum) (expected range .5% to .75%)

Redemption Price: Market-estimated to be not in excess of 103% of principal amount

Credit Ratings: Moody's – Baa1; S&P – BBB+

As stated in the Application, the interest rates on the Bonds may be reset daily, weekly, or for intermediate or extended periods, or may be fixed to maturity, all as selected from time to time by GENCO. GENCO states in the Application that interest paid on the Bonds will be excluded from gross income of the registered owners thereof for federal and South Carolina income tax purposes. GENCO further states that, regardless of whether the Bonds are issued at a variable rate of interest or an interest rate fixed for an intermediate or extended period of time or to maturity, at the time of initial issuance, it expects that the interest rate on the Bonds will not exceed 7.0%.

As stated in the Application, GENCO may elect, at each interest rate reset and subject to the requirements of the Indenture, to reset the interest rate based upon the existing interest determination method, select a different reset period and interest rate determination method or fix the interest rate on the Bonds to maturity. GENCO states in the Application that, once the election is made to fix the interest rate on the Bonds to maturity, there will be no future interest rate resets or opportunities to convert the Bonds to a different interest rate or interest determination method.

GENCO further states that the variety of interest rates and terms allowable under the Indenture permits it to manage the interest cost of the borrowings until such time, if ever, when GENCO determines market conditions are favorable to fix the interest rate on the Bonds to

maturity. As stated in the Application, GENCO alternatively could take advantage of market conditions by entering into, modifying, amending, or terminating interest rate swaps to effectively change the stream of interest payments from fixed rate to floating rate or vice versa without effecting a conversion or refunding of the Bonds.

GENCO has stated in the Application that it expects the Bonds to be sold in an underwritten public offering as described in an Official Statement, in substantially the form of the draft Preliminary Official Statement attached as Exhibit C to the Application.

2. Security

GENCO states that the Bonds will be sold on its general credit and secured by a guaranty of SCANA (in substantially the form of Guaranty attached as Exhibit D to the Application) in favor of the Authority or the Trustee for the benefit of the holders of the Bonds. The Application states that the Bonds may also be secured by a bank letter of credit, in which event the SCANA Guaranty may also secure GENCO's repayment obligation under the credit or reimbursement agreement under which the letter of credit is delivered.

3. Application of Proceeds

GENCO states in the Application that the net proceeds from the sale of the Bonds will be loaned by the Authority to GENCO pursuant to the Loan Agreement for the purpose of financing a portion of the costs to construct the Pollution Control Facilities and to reimburse prior advances made by SCANA through the Utility Money Pool to GENCO for such purposes. Federal and State air emissions standards necessitate the addition of certain other equipment at the Plant to include but not be limited to, desulfurization equipment (wet scrubber) (the "Pollution Control Facilities"). The Pollution Control Facilities will be

capable of reducing sulfur dioxide (“SO₂”) emissions at the Plant by at least 95%. As a result of the Clean Air Act Amendments of 1990 and subsequent legislation, regulations and rules, the Environmental Protection Agency and the South Carolina Department of Health and Environmental Control require reduction of SO₂ emissions from coal-fired generating facilities.

C. COMPLIANCE WITH PSC ORDER NO. 91-72

In compliance with the provisions of Order No. 91-72, dated January 18, 1991, Docket No. 91-032-E, GENCO has submitted financial statements and information required by the Order.

D. TERMS OF ISSUANCE AND SALE AT MARKET

The Application states that GENCO may offer and sell the Bonds from time to time when market conditions, in its judgment, are favorable, in either of three ways:

- A. Underwriters or Dealers. If underwriters are utilized with respect to the Bonds, GENCO proposes to sell such Bonds pursuant to a bond purchase agreement to any underwriter or to a group of underwriters to be selected at the time of each such sale.
- B. Private Placement. Private placement to a limited number of purchasers or to a single purchaser, which will require a sales agreement with respect to such Bonds.

- C. Through Agents. If GENCO offers any series of the Bonds in a private placement or through agents to a limited number of purchasers or to a single purchaser, a sales agreement will be utilized with respect to such Bonds.

GENCO further states that negotiations at market with the purchaser or purchasers, to be concluded shortly before the offering of the Bonds, will determine the interest rate to be borne by, the maturity date of, the initial offering price of, the price to be paid to GENCO for, the call provisions of, any underwriting or purchase discount (i.e., the difference between the initial offering price and the price paid by the purchaser underwriter to GENCO) with respect to, and the redemption prices of, each series of the Bonds. GENCO states in the Application that the Bonds may be resold subject to the periodic reset of the interest rate therein for varying periods. The Application states that, based on market conditions, GENCO believes that the initial offering price usually will not be less than 97% nor more than 115% of the principal amount of such series of Bonds, that any underwriting discount will not exceed 1% of the principal amount of such series of Bonds, and that the initial regular redemption price, if any, will not exceed 103% of the principal amount of such series of the Bonds. GENCO has requested in the Application that it be authorized to negotiate, in its judgment, the most favorable interest rate or interest rate determination method and terms obtainable on the date the Bonds are priced including, if appropriate, terms, prices and redemption provisions.

After investigation by the South Carolina Office of Regulatory Staff and upon full consideration by the Commission, the Commission is of the opinion, and so finds, that the matters set forth in the Application and the exhibits thereto are proper; that the purpose of the proposed use of the proceeds by GENCO of the Bonds are proper; that the proposal to issue the

Bonds are reasonable and proper; and that the proposed alternate methods of offering the Bonds are proper.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED:

- (1) GENCO is granted a Certificate of Authority stating (a) that the issuance of up to Fifty Million Dollars (\$50,000,000) of Bonds is reasonably necessary to the financing of the construction herein described and (b) that the value of the Pollution Control Facilities will be equal to or in excess of the amount of loan proceeds to be applied for that purpose.
- (2) The terms and conditions of the Loan Agreement are authorized and approved and GENCO is authorized to execute and deliver the Loan Agreement in connection therewith;
- (3) GENCO is authorized and empowered to execute and deliver a bond purchase or sales agreement with respect to the issuance of the Bonds.
- (4) GENCO is authorize and empowered to negotiate, execute and deliver from time to time letter of credit reimbursement agreements with respect to the Bonds, providing for the delivery of bank letters of credit to enhance the marketability of the Bonds.
- (5) GENCO is authorized and empowered to enter into, amend, modify and terminate, from time to time such interest rate swap transactions with respect to the Bonds as GENCO shall determine to be advisable.

- (6) GENCO is authorized and empowered to periodically reset the interest rate term and determination method with respect to the Bonds pursuant to the terms of the Indenture.
- (7) GENCO is authorized and empowered to negotiate the terms of the transaction as described herein and to make such changes in the instruments filed as exhibits to the Application and to negotiate and to enter into other related or supplemental agreements as are reasonably necessary, including, but not limited to, changes in the dates of the documents described herein, to consummate the transactions described herein or hereafter to maintain or preserve such transactions.
- (8) GENCO shall file with the Commission conformed copies of the instruments (and any amendments, modifications and extensions thereto) in the final form in which they are executed.
- (9) The maximum amount of borrowings and character of the securities issued thereby, as proposed, are reasonably necessary for the purpose for which they are to be issued as described above.
- (10) This Order shall not, in any way, affect or limit the right, duty or jurisdiction of the Commission to further investigate and order revisions, modification or changes with respect to any provisions of this Order in accordance with the law.

(11) This Order shall remain in full force and effect until further Order of the
Commission.

BY ORDER OF THE COMMISSION:

Chairman

ATTEST:

(SEAL)